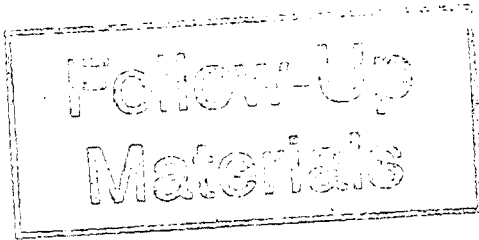


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82- SUBMISSIONS FACING SHEET



MICROFICHE CONTROL LABEL



REGISTRANT'S NAME

Kuala Lumpur Kepong Berhad

*CURRENT ADDRESS

**FORMER NAME

**NEW ADDRESS

PROCESSED
JAN 21 2004
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FISCAL YEAR

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* Complete for initial submissions only ** Please note name and address changes

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Annual Report **2003**

KUALA LUMPUR KEPONG BERHAD

(15043-V)

A BRIEF HISTORY

CORPORATE MISSION

To offer quality products and services at competitive prices.

To be a good and responsible corporate citizen.

CORPORATE OBJECTIVES

To earn a fair return on investments.

To maintain steady dividend payments and adequate dividend cover.

To sustain growth through re-investment of retained profits.

To maintain a high standard of business ethics and practices.

To fulfil our social responsibilities in the community in which we operate.

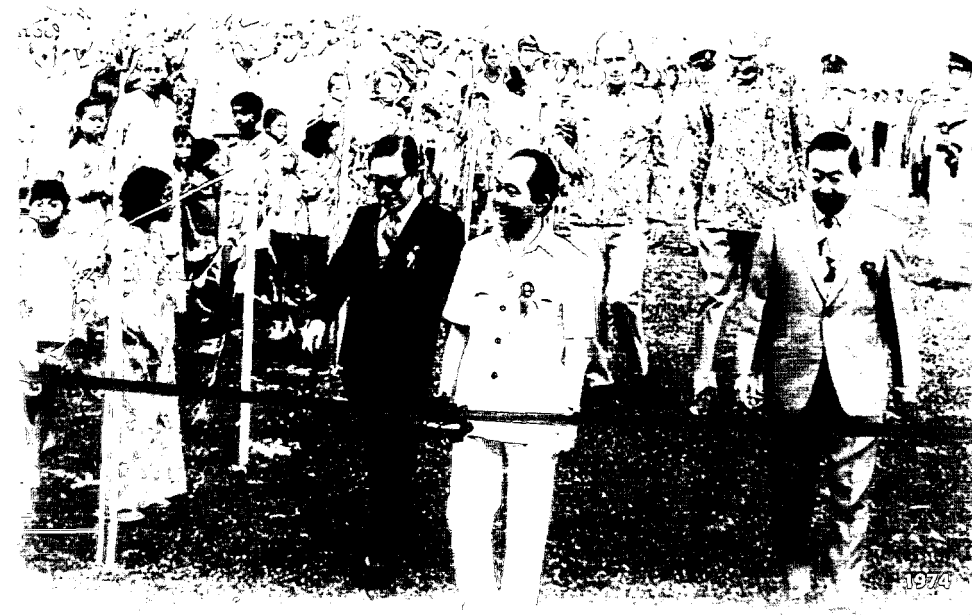
Kuala Lumpur Kepong Berhad

("KLK"), a leading Malaysian plantation company, traces its origin back to 1906 when The Kuala Lumpur Rubber Company, Limited ("KLR") was set up in London to oversee some 600 hectares of rubber plantation, including some coffee, planted in Malaya, as it was known then.

KLR in 1960 changed its name to Kuala Lumpur-Kepong Amalgamated Limited ("KLKA") and in 1973 under a scheme of reconstruction, KLKA went into liquidation with KLK taking over assets and liabilities of KLKA. The move to bring its domicile back to Malaysia was initiated by KLK's Founder Chairman, the late Tan Sri Dato' Seri Lee Loy Seng.

From a base of 23,100 hectares then of rubber, oil palm and cocoa plantations, the KLK Group has since expanded to over 150,000 hectares located in Peninsular Malaysia, Sabah and Indonesia making KLK one of the leading plantation groups in Malaysia.

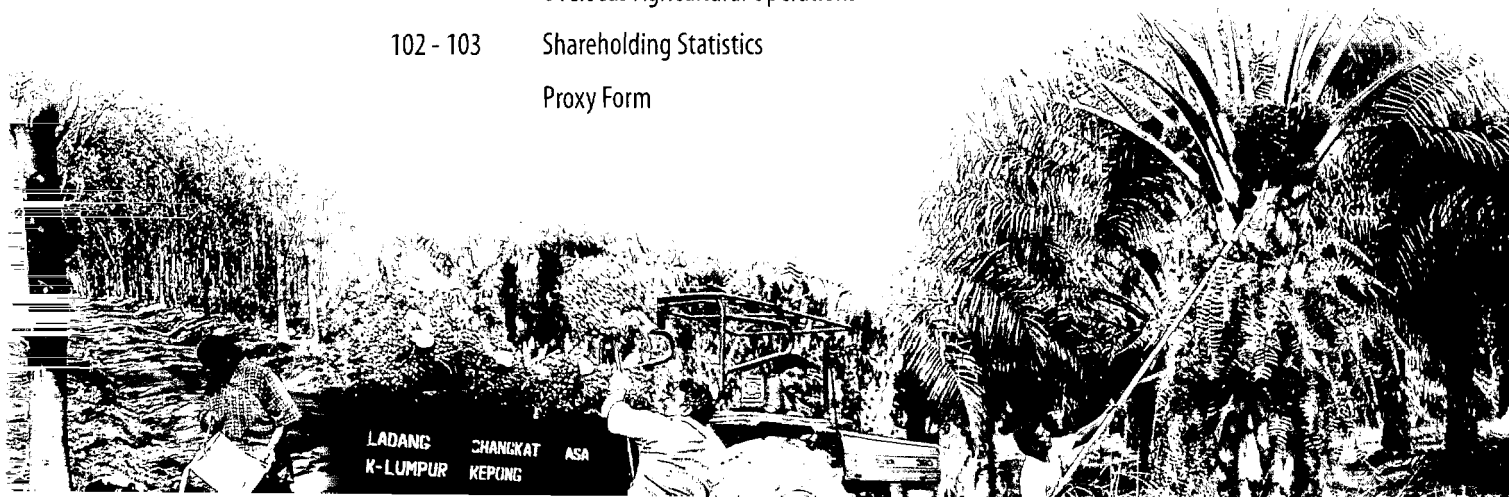
Plantations remain KLK's core business. In recognition of the need to cushion the effects of fluctuating commodity prices, the KLK Group had in the 1990s expanded downstream into resource-based manufacturing including cocoa processing, rubber products, the manufacture of fatty acids, glycerine and derivatives. With Malaysian joint-venture partners, KLK has vegetable oil operations in Pakistan and the People's Republic of China. KLK's major associated company, the UK based Yule Catto & Co. plc, continues to expand on its speciality chemicals, and pharmaceutical intermediates businesses worldwide. Capitalising on the strategic location of its land bank in Peninsular Malaysia, KLK has also ventured into property development. Through the acquisition of Crabtree & Evelyn in 1996, the Group is now involved in the manufacturing and retailing of an international speciality brand involved in personal care products, toiletries, home fragrances and fine foods worldwide.



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NOTICE OF MEETING

Notice is hereby given that the **Thirty-first Annual General Meeting** of the Company will be held at the registered office, Wisma Taiko, 1 Jalan S. P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Wednesday, 18 February, 2004 at 12.30 p.m. for the following purposes:

1. To receive and consider the financial statements for the year ended 30 September, 2003 and the Directors' and Auditors' reports thereon. (ORDINARY RESOLUTION 1)
2. To sanction the payment of a final dividend of 9 sen per share less 28% Malaysian Income Tax and a special dividend of 10 sen per share less 28% Malaysian Income Tax. (ORDINARY RESOLUTION 2)
3. To re-elect Dato' Lee Hau Hian as a Director. (ORDINARY RESOLUTION 3)
4. To consider and, if thought fit, pass a resolution pursuant to Section 129(6) of the Companies Act, 1965 to re-appoint the following as Directors of the Company and to hold office until the next Annual General Meeting of the Company:
 - (i) Yeoh Chin Hin (ORDINARY RESOLUTION 4)
 - (ii) Charles Letts (ORDINARY RESOLUTION 5)
 - (iii) Maj-Gen (R) Dato' Seri Dr. Mahmood Sulaiman (ORDINARY RESOLUTION 6)
 - (iv) Tan Sri Dato' Thong Yaw Hong (ORDINARY RESOLUTION 7)
 - (v) R. M. Alias (ORDINARY RESOLUTION 8)
5. To fix and approve Directors' fees for the year ended 30 September, 2003 amounting to RM646,000 (2002: RM526,000). (ORDINARY RESOLUTION 9)
6. To appoint Auditors and to authorise the Directors to fix their remuneration. (ORDINARY RESOLUTION 10)
7. To transact any other ordinary business of the Company.

By Order of the Board
J. C. LIM
FAN CHEE KUM
Company Secretaries

Ipoh, Perak Darul Ridzuan,
Malaysia.

6 January, 2004

NOTES

- (1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to vote in his stead. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time set for the meeting.
- (3) For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting the Malaysian Central Depository Sdn Bhd to make available to the Company pursuant to Article 49(8)(B) of the Articles of Association of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, a Record of Depositors as of 9 February, 2004 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.
- (4) The final and special dividends, if approved, will be paid on 15 March, 2004 to all shareholders on the Register of Members as at 19 February, 2004. A Depositor with the Malaysian Central Depository shall qualify for entitlement to the dividends only in respect of:
 - (i) Shares deposited into the Depositor's securities account before 12.30 p.m. on 17 February, 2004 in respect of shares which are exempted from Mandatory Deposit;
 - (ii) Shares transferred into the Depositor's securities account before 4.00 p.m. on 19 February, 2004 in respect of transfers; and
 - (iii) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.Registrable transfers received by the Company's Branch Registrar in United Kingdom on or before 19 February, 2004 will be registered for entitlements to the dividend payments.
- (5) Profiles of the Directors (together with their attendance in Board Meetings) standing for re-election or re-appointment as Directors of the Company for Resolutions 3 to 8 are shown on pages 6 to 9 of the 2003 Annual Report and Financial Statements.

(A proxy form is enclosed with this Annual Report and Financial Statements.)

NOTIS MESYUARAT

Dengan ini diberitahu bahawa Mesyuarat Agung Tahunan Syarikat Ketiga Puluh Satu akan diadakan di pejabat berdaftar, Wisma Taiko, 1 Jalan S. P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia pada hari Rabu, 18 Februari, 2004 pukul 12.30 tengahari untuk tujuan-tujuan berikut:

1. Menerima dan menimbang penyata kewangan bagi tahun berakhir 30 September, 2003, dan laporan para Pengarah dan Juruaudit berkaitan dengannya. (RESOLUSI BIASA 1)
2. Meluluskan pembayaran dividen akhir sebanyak 9 sen sesaham tolak 28% Cukai Pendapatan Malaysia dan dividen khas sebanyak 10 sen sesaham tolak 28% Cukai Pendapatan Malaysia. (RESOLUSI BIASA 2)
3. Melantik semula Dato' Lee Hau Hian sebagai Pengarah. (RESOLUSI BIASA 3)
4. Menimbang dan, sekiranya wajar, meluluskan resolusi selaras dengan Seksyen 129(6), Akta Syarikat, 1965 untuk melantik semula Pengarah-pengarah Syarikat berikut bagi tempoh perkhidmatan sehingga Mesyuarat Agung Tahunan Syarikat akan datang:
 - (i) Yeoh Chin Hin (RESOLUSI BIASA 4)
 - (ii) Charles Letts (RESOLUSI BIASA 5)
 - (iii) Maj-Gen (R) Dato' Seri Dr. Mahmood Sulaiman (RESOLUSI BIASA 6)
 - (iv) Tan Sri Dato' Thong Yaw Hong (RESOLUSI BIASA 7)
 - (v) R. M. Alias (RESOLUSI BIASA 8)
5. Menetapkan dan meluluskan yuran para Pengarah bagi tahun berakhir 30 September, 2003 sebanyak RM646,000 (2002: RM526,000). (RESOLUSI BIASA 9)
6. Melantik Juruaudit dan memberi kuasa kepada para Pengarah untuk menetapkan bayaran mereka. (RESOLUSI BIASA 10)
7. Menguruskan sebarang urusan biasa Syarikat.

Dengan Perintah Lembaga Pengarah
J. C. LIM
FAN CHEE KUM
Setiasaha Syarikat

Ipoh, Perak Darul Ridzuan,
Malaysia.

6 Januari, 2004.

NOTA

- (1) Seorang ahli Syarikat yang berhak menghadiri dan mengundi adalah berhak melantik tidak lebih daripada dua orang proksi untuk mengundi bagi pihaknya. Seseorang proksi tidak semestinya seorang ahli Syarikat.
- (2) Suratcara perantikan seseorang proksi perlu sampai di pejabat berdaftar Syarikat tidak lewat dari 48 jam sebelum masa mula mesyuarat.
- (3) Bagi tujuan menentukan hak kehadiran dalam mesyuarat ini, Syarikat akan menuntut daripada Depositori Pusat Malaysia Sdn Bhd selaras dengan Artikel 49(8)(B), Tataurus Persatuan Syarikat dan Seksyen 34(1) Akta Industri Sekuriti (Depositori Pusat) 1991, supaya memperoleh Rekod Pendeposit pada 9 Februari, 2004 dan nama Pendeposit yang tercatat dalam Rekod Pendeposit ini berhak menghadiri mesyuarat ini.
- (4) Dividen akhir dan dividen khas, jika diluluskan, akan dibayar pada 15 Mac, 2004 kepada semua pemegang saham dalam Daftar Ahli pada 19 Februari, 2004. Pendeposit Depositori Pusat Malaysia hanya layak menerima hak dividen berhubung dengan perkara berikut:
 - (i) Saham-saham yang didepositkan ke dalam akaun sekuriti Pendeposit sebelum 12.30 tengahari pada 17 Februari, 2004 bagi saham-saham yang dikecualikan daripada Deposit Mandatori;
 - (ii) Saham-saham yang dipindahkan ke akaun sekuriti Pendeposit sebelum pukul 4.00 petang pada 19 Februari, 2004 bagi pindahan; dan
 - (iii) Saham-saham yang dibeli dalam Bursa Saham Kuala Lumpur berasaskan hak kelayakan menurut Peraturan-peraturan Bursa Saham Kuala Lumpur.Pindahan yang boleh didaftar dan diterima oleh Pendaftar Cawangan Syarikat di United Kingdom pada atau sebelum 19 Februari, 2004 akan didaftarkan untuk kelayakan menerima bayaran dividen.
- (5) Profil (termasuk kedatangan dalam Mesyuarat Lembaga) para Pengarah yang layak diundi atau dilantik semula sebagai Pengarah Syarikat dalam Resolusi 3 ke 8 seperti terkandung dalam halaman 6 ke 9 Laporan Tahunan dan Penyata Kewangan 2003.

(Berang proksi ditampirkan bersama Laporan Tahunan dan Penyata Kewangan ini.)

GROUP HIGHLIGHTS

FINANCIAL

		2003	2002	2001	2000	1999
Revenue	(RM'000)	3,473,531	2,469,071	2,041,614	2,224,096	2,404,255
Profit:						
before taxation	(RM'000)	568,911	347,119	106,559	290,079	399,326
after taxation and minority interests	(RM'000)	394,688	255,073	67,183	204,456	354,782
Earnings per share	(sen)	55.6	35.9	9.5	28.8	49.9
Dividend per share:						
gross	(sen)	25.0	20.0	15.0	20.0	20.0
net	(sen)	18.0	14.4	10.8	14.4	14.4
Net tangible asset	(RM'000)	3,696,625	3,341,784	3,194,986	3,247,336	3,209,763
Net tangible asset per share	(RM)	5.21	4.71	4.50	4.57	4.52

PRODUCTION

		2003	2002	2001	2000	1999
Fresh Fruit Bunches	(tonnes)	1,925,953	1,766,762	1,604,385	1,392,674	1,271,165
Rubber	('000 kgs)	24,755	23,782	23,646	24,727	26,900

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Lee Oi Hian – *Chairman / CEO*
Yeoh Chin Hin
Charles Letts
YM Tengku Robert Hamzah
R. M. Alias
Maj-Gen (R) Dato' Seri Dr. Mahmood Sulaiman
Ong Beng Kee – *Executive Director (resigned on 30 September, 2003)*
Dato' Lee Hau Hian
Tan Sri Dato' Thong Yaw Hong
Dato' Lee Soon Hian – *Executive Director*
Datuk Abdul Rahman bin Mohd. Ramli
Yeoh Eng Khoon (*Alternate to Yeoh Chin Hin*)

COMPANY SECRETARIES

J. C. Lim
Fan Chee Kum

AUDITORS

KPMG

PLACE OF INCORPORATION AND DOMICILE

In Malaysia as a
public limited liability company

PRINCIPAL REGISTRAR AND REGISTERED OFFICE

Kuala Lumpur Kepong Berhad,
Wisma Taiko,
1, Jalan S. P. Seenivasagam,
30000 Ipoh, Perak Darul Ridzuan, Malaysia.
Tel: 605-2417844
Fax: 605-2535018
Web: www.klk.com.my

BRANCH REGISTRAR

M. P. Evans (UK) Ltd.,
3, Clanricarde Gardens,
Tunbridge Wells,
Kent TN1 1HQ, England.
Tel: 01892-516333
Fax: 01892-518639

PRINCIPAL BANKERS

Malayan Banking Berhad
HSBC Bank Malaysia Berhad
Public Bank Berhad
RHB Bank Berhad
Citibank N.A.

STOCK EXCHANGE LISTINGS

Kuala Lumpur Stock Exchange
London Stock Exchange

PROFILES OF DIRECTORS

DATO' LEE OI HIAN

Chairman / CEO

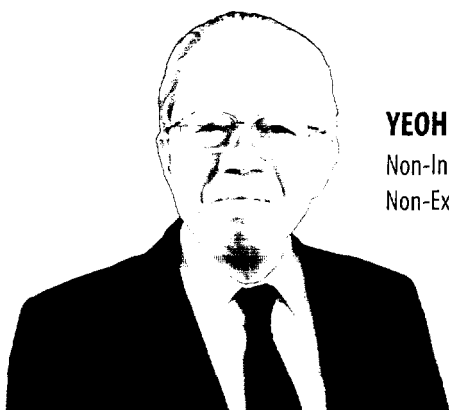


Malaysian, aged 52, joined the Board on 1 February, 1985 and is the Chairman/CEO of KLK. He is also Chairman of Batu Kawan Berhad and a director of Yule Catto & Co. plc which is listed on the London Stock Exchange. He is the current Chairman of the Malaysian Palm Oil Promotion Council.

He graduated from the University of Malaya with a Bachelor of Agricultural Science (Honours) degree and obtained his Masters in Business Administration from Harvard Business School, USA.

He joined the Company in 1974 as an executive and was subsequently appointed to the Board in 1985. In 1993, he was appointed as the Group's Chairman/CEO.

Dato' Lee Hau Hian and Dato' Lee Soon Hian who are also Directors of KLK are his brothers. He is deemed connected to Batu Kawan Berhad, one of the substantial shareholders of KLK. He is deemed interested in various related parties transactions with the KLK Group. He attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.



YEOH CHIN HIN

Non-Independent /
Non-Executive

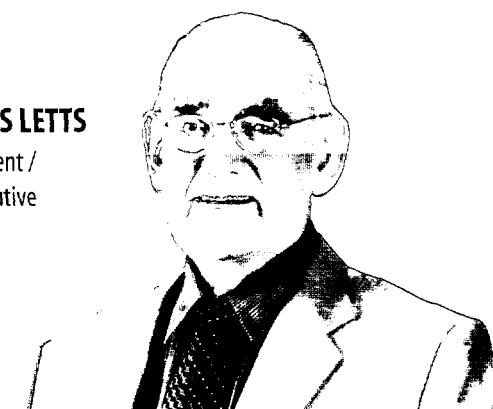
Malaysian, aged 83, Non-Independent Non-Executive Director, joined the Board on 6 July, 1973 as one of the founder Directors. He is a member of the Remuneration Committee and Nomination Committee of the Board.

He is also a director of Batu Kawan Berhad. He previously served as a director of United Malayan Banking Corporation Bhd. for 20 years.

He is the father of Yeoh Eng Khoon, an Alternate Director in KLK. Save as disclosed he has no other family relationship with any other director/major shareholder of KLK. He is deemed interested in various transactions between the KLK Group and certain companies carried out in the ordinary course of business by virtue of his common directorships in these companies. He attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.

CHARLES LETTS

Independent /
Non-Executive



British, aged 85, Independent Non-Executive Director, joined the Board on 6 July, 1973 as one of the founder Directors.

After serving in the British Armed Forces during World War II and thereafter in the British Foreign Office, was a main Board Director of Jardine Matheson & Co. Ltd. for 15 years then set up his own business. Thereafter he held directorships and advisory posts in companies covering a wide range of industries in various countries including Batu Kawan Berhad. These interests included acquiring the various companies which eventually developed into KLK and its associates.

Originally served as Honorary Consul for Brazil in Singapore and now as Honorary Consul for Portugal in Singapore.

He has no family relationship with any other director/major shareholder of KLK. He is deemed interested in various transactions between the KLK Group and certain companies carried out in the ordinary course of business by virtue of his common directorships in these companies. He attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.

profiles of directors

**YM TENGKU
ROBERT HAMZAH**

Independent / Non-Executive



Malaysian, aged 64, Independent Non-Executive Director, joined the Board on 1 May, 1976. He was appointed the Chairman of the Audit Committee of the Board during the year.

He is also a director of Batu Kawan Berhad. An architect by profession, graduated from the AA School of Architecture and a member of Persatuan Arkitek Malaysia and Lembaga Arkitek Malaysia. He is a partner of T.R. Hamzah & Yeang Sdn. Bhd. since 1976.

He has no family relationship with any other director/major shareholder of KLK. He is deemed interested in various transactions between the KLK Group and certain companies carried out in the ordinary course of business by virtue of his common directorships in these companies. He attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.



R.M. ALIAS

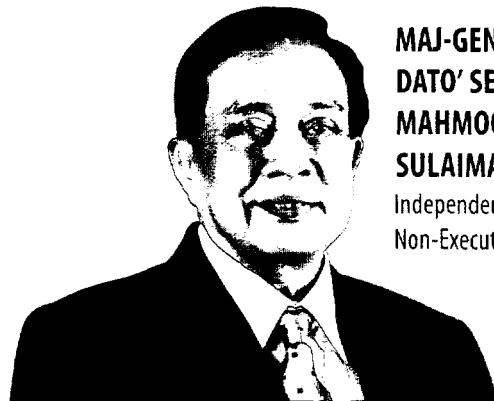
Independent /
Non-Executive

Malaysian, aged 71, Independent Non-Executive Director, has served on the Board since 1 July, 1978. He is the Chairman of the Remuneration Committee of the Board.

He holds a Bachelor of Arts (Honours) degree from The University of Malaya, Singapore, a Certificate of Public Administration from the Royal Institute of Public Administration, London and has attended the Advanced Management Program at Harvard Business School, USA.

He held various posts while in the Malaysian Government Service and his last post prior to retirement in July, 2001 was the Group Chairman of Felda. He was previously the Chairman of Malaysia International Shipping Corporation Berhad. He is also a director of six (6) other listed companies, namely Batu Kawan Berhad, Kumpulan Guthrie Berhad, Malayan Banking Berhad, Sime Darby Berhad, Highlands and Lowlands Berhad and Cerebos Pacific Limited (Singapore).

He has no family relationship with any other director/major shareholder of KLK. He is deemed interested in various transactions between the KLK Group and certain companies carried out in the ordinary course of business by virtue of his common directorships in these companies. He attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.



**MAJ-GEN (R)
DATO' SERI DR.
MAHMOOD
SULAIMAN**

Independent /
Non-Executive

Malaysian, aged 75, Independent Non-Executive Director, joined the Board on 1 July, 1978. He is a member of the Remuneration Committee. During the year he was appointed as a member of the Audit Committee.

He graduated from the Royal Military Academy, Sandhurst, UK; the School of Infantry Warminster, UK; the Defence Services Staff College, Wellington, India; the School of Infantry, Mhow, India and the Joint Services Staff College, Latimer, UK. He obtained his Masters and Doctorate in Business Administration from the Pacific Western University, USA.

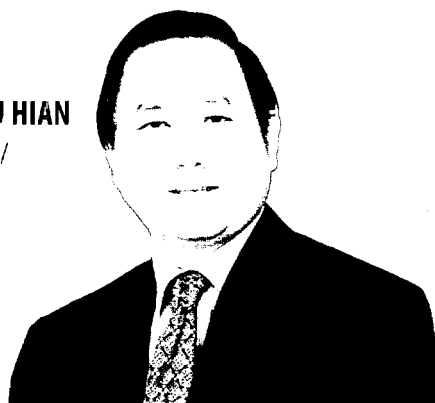
He had previously served in various staff and command appointments in the Malaysian Armed Forces till his early retirement in 1977 as General Officer Commanding-in-Chief (1972-1977). Upon his retirement from the military, he had previously held directorships in various public listed companies as well as running his own family business.

He has no family relationship with any other director/major shareholder of KLK and does not have any conflict of interest with KLK. He attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.

profiles of directors

DATO' LEE HAU HIAN

Non-Independent /
Non-Executive

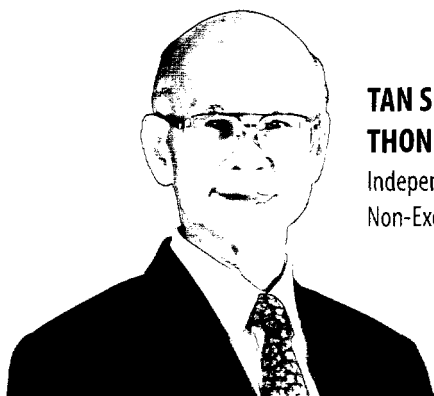


Malaysian, aged 50, Non-Independent Non-Executive Director, joined the Board on 20 December, 1993. He is a member of the Nomination Committee of the Board.

Dato' Lee is the Managing Director of Batu Kawan Berhad and a director of HeiTech Padu Berhad and Yule Catto & Co. plc. He is the President of the Perak Chinese Maternity Association and the Treasurer of the Perak Entrepreneurial Skills & Development Centre.

He graduated with a Bachelor of Science (Economics) degree from the London School of Economics and has a MBA degree from Stanford University, California.

He is the brother of Dato' Lee Oi Hian and Dato' Lee Soon Hian who are also Directors of KLK and is deemed a connected party to Batu Kawan Berhad, a substantial shareholder of KLK. He is deemed interested in various related parties transactions with the KLK Group. He attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.



TAN SRI DATO' THONG YAW HONG

Independent /
Non-Executive

Malaysian, aged 73, Independent Non-Executive Director, joined the Board on 8 March, 1994. He is a member of the Nomination Committee of the Board.

Tan Sri Thong is the Co-Chairman of Public Bank Berhad, Chairman of Public Finance Berhad, Berjaya Land Berhad and Berjaya Sports Toto Bhd. He is also a director of Batu Kawan Berhad, Glenealy Plantations (Malaya) Bhd, Malaysia Mining Corporation Bhd, HHB Holdings Bhd, Malaysian South-South Corporation Bhd, Berjaya General Insurance Bhd, KTM Bhd and Public Merchant Bank Bhd. He had served in the Economic Planning Unit in the Prime Minister's Department since 1957 and became its Director-General from 1971 to 1978 and served as Secretary-General, Ministry of Finance from 1979 until his retirement in 1986. He was formerly the Chairman of the Employees Provident Fund Board. He currently serves as a member on the Boards of Trustees of Program Pertukaran Fellowship Perdana Menteri Malaysia, Tun Razak Foundation and the Malaysian Institute of Economic Research. He is also a member of the Working Group of the Executive Committee for the National Economic Action Council.

He graduated with a Bachelor of Arts (Honours) degree in Economics from University of Malaya and a Masters degree in Public Administration from Harvard University and has attended the Advanced Management Program from Harvard Business School. In June, 1998, he was appointed a Pro-Chancellor of Universiti Putra Malaysia.

He has no family relationship with any other director/major shareholder of KLK. He is deemed interested in transactions between the KLK Group and certain companies carried out in the ordinary course of business by virtue of his common directorships in these companies. He has attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.



DATO' LEE SOON HIAN

Executive Director

Malaysian, aged 46, Executive Director, joined the Board on 17 February, 1998. He is also a director of Batu Kawan Berhad and See Sen Chemical Berhad.

He has wide experience in manufacturing and property development.

profiles of directors

He is the brother of Dato' Lee Oi Hian and Dato' Lee Hau Hian who are also Directors of KLK and is deemed a connected party to Batu Kawan Berhad, a substantial shareholder of KLK. He is deemed interested in various related parties transactions with the KLK Group. He has attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.

He retires by rotation from the Board at the forthcoming Annual General Meeting but will not seek re-election.



**DATUK ABDUL
RAHMAN BIN
MOHD. RAMLI**

Non-Independent /
Non-Executive

Malaysian, aged 64, Non-Independent Non-Executive Director, joined the Board on 11 September, 1999. He is a member of the Audit Committee of the Board. He is a member of the Institute of Chartered Accountants in Australia, the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

Datuk Abdul Rahman was General Manager of United Asian Bank Berhad, Group Managing Director of Pemas Sime Darby Berhad and Group Chief Executive of Golden Hope Plantations Berhad prior to joining the KLK Board. He is currently the Chairman of Johore Tenggara Oil Palm Berhad and a Board member of Malayan Banking Berhad, both of which are public listed companies and Chairman of Takaful Nasional Sdn. Bhd. He is also a director of Mayban Finance Berhad and Malaysia National Insurance Berhad.

He is a nominee director of Permodalan Nasional Berhad, a major shareholder of KLK. Save as disclosed he has no other family relationship with any other director/major shareholder of KLK. He is deemed interested in various transactions between the KLK Group and certain companies carried out in the ordinary course of business by virtue of his common directorships in these companies. He has attended all the four (4) Board of Directors' meetings held during the financial year ended 30 September, 2003. He has not been convicted of any offence.

YEOH ENG KHOON

Alternate Director
to Yeoh Chin Hin



Malaysian, aged 56, was appointed as an Alternate Director (Non-Independent Non-Executive) to Yeoh Chin Hin on 20 December, 1993. He obtained a degree of Bachelor of Arts (Honours) in Economics (Business Administration) from the University of Malaya in 1968 and was called to the Bar of England and Wales at Lincoln's Inn in 1979.

He is also the alternate director in Batu Kawan Berhad and a director in See Sen Chemical Berhad. He has previous work experience in banking, manufacturing and the retail business. He is currently the legal consultant to the KLK Group.

He is the son of Yeoh Chin Hin who is a Director of KLK. Save as disclosed he has no other family relationship with any other director/major shareholder of KLK. He is deemed interested in various transactions between the KLK Group and certain companies carried out in the ordinary course of business by virtue of his common directorships in these companies. As an Alternate Director, he only attends Board Meetings in the absence of Yeoh Chin Hin. He has not been convicted of any offence.

CORPORATE CALENDAR



7-10 October, 2002 KLK participated in the Oils and Fats International Congress 2002 held at the Putra World Trade Centre, Kuala Lumpur.

15 October, 2002 KLK's wholly-owned subsidiary, KL-Kepong Industrial Holdings Sdn Bhd, acquired a new subsidiary, namely, Elvissa Corporation Sdn Bhd (now known as KL-Kepong Oleomas Sdn Bhd) for warehousing and manufacturing activities.

16-28 October, 2002 Training of internal auditors for operating centres in Sabah and Indonesia in Head Office, Wisma Taiko, Ipoh. **1**

21-27 October, 2002 Senior Management of the Group participated in the Leadership and Team Building Workshop conducted by Professor Kim Wolf and Professor Toby Canto from the Asian Institute of Management, Manila, Philippines. **2**

27 November, 2002 Announcement of the Group's 4th Quarter Results together with the final and special dividends for the year ended 30 September, 2002.

20 February, 2003 The Company's 30th Annual General Meeting was held at its Corporate Head Office, Wisma Taiko, Ipoh. **3**

Announcement of the Group's 1st Quarter Results for the period ended 31 December, 2002.

11 March, 2003 KLK was awarded the Merit Award (Main Board – Plantation) by The Kuala Lumpur Stock Exchange for the Corporate Awards 2002, for outstanding corporate conduct among public listed companies. **4**

20 March, 2003 Payment of a final dividend of 9 sen per share and special dividend of 5 sen per share, less 28% income tax for the financial year ended 30 September, 2002.

4 April, 2003 KLK's wholly-owned subsidiary, KLK Overseas Investments Limited, incorporated a new subsidiary, namely, B.K.B. Europa SARL in France for marketing wood-based products.

12 April, 2003 KLK participated in the Float and Fireworks Display Fiesta held in conjunction with the 53rd birthday celebrations of the DYMM Al-Sultan of Kelantan. **5**

20-27 April, 2003 KLK participated in the Minggu Saham Amanah Malaysia 2003 organised by Permodalan Nasional Berhad held in Kuala Lumpur. **6**

1 May, 2003 Successful commissioning of the 45 tn/hr Palm Oil Mill in Kebun Nilo, Sumatra, Indonesia. **7**

16 May, 2003 Announcement of the Group's 2nd Quarter Results together with the interim dividend for the year ending 30 September, 2003.



6 June, 2003 Visit by YB Datuk Dr Fong Chan Onn, Minister of Human Resources and YB Dato' Seri S. Samy Vellu, Minister of Works to Ladang Jeram Padang in relation to the ceremony to witness the handing over of the joint agreement on plantation wages. **8**

18 June, 2003 KLK's wholly-owned subsidiary, KL-Kepong Cocoa Products Sdn Bhd, acquired a new subsidiary, namely, Wigan Corporation Sdn Bhd (now known as Selbourne Food Services Sdn Bhd) for the manufacture, packaging and distribution of chocolate and other related products.

24 June, 2003 KLK was awarded the Certificate of Appreciation for its participation in the Serenti Drug Rehabilitation Centre's Programme on Job Placements. **9**

15 July, 2003 KLK launched its website, www.klk.com.my, where shareholders, investors and the public can obtain news, announcements and other information on KLK. **10**

11 August, 2003 Payment of an interim dividend of 6 sen per share, less 28% income tax for the financial year ending 30 September, 2003.

15 August, 2003 KLK's wholly-owned subsidiary, Crabtree & Evelyn Holdings Ltd, disposed off its entire 60.8% interest in the Mexican joint venture company, Ecemex. Following this disposal, Ecemex ceased to be a subsidiary of the KLK Group. However, Ecemex continues to be a licenced distributor.

18 August, 2003 Announcement of the Group's 3rd Quarter Results for the period ended 30 June, 2003.

28 August, 2003 KLK's wholly-owned subsidiary, Crabtree & Evelyn Holdings Ltd, acquired the remaining 30% interest in the Philippines joint venture company, Crabtree & Evelyn Philippines Inc. Following this acquisition, Crabtree & Evelyn Philippines Inc becomes a wholly-owned subsidiary of the KLK Group.

8-9 September, 2003 KLK co-sponsored The Perak Economic Summit organised by the Asian Strategy & Leadership Institute which was held in Ipoh and graced by the Raja Muda of Perak Darul Ridzuan, HRH Raja Nazrin Shah ibni Sultan Azlan Muhibbuddin Shah who delivered the keynote address. **11**

17 September, 2003 The Group announced the incorporation of a new subsidiary, namely, KLK Premier Capital Limited in the British Virgin Islands as an investment holding company.

30 September, 2003 Mr Ong Beng Kee retired as an Executive Director of KLK, after having served for more than 27 years with the KLK Group.

PLANTATIONS

Bornion Estate Sdn Bhd

63% (Plantation)

Fajar Palmkel Sdn Berhad

100% (Kernel crushing)

Gocoa Sdn Bhd

100% (Plantation)

Golden Peak Development Sdn Bhd

100% (Plantation)

Golden Sphere Sdn Bhd

100% (Plantation)

Golden Yield Sdn Bhd

100% (Plantation)

Kalumpang Estates Sdn Berhad

100% (Plantation)

KL-Kepong (Sabah) Sdn Bhd

100% (Milling & refining of palm products)

KL-Kepong Edible Oils Sdn Bhd

100% (Refining of palm products)

KL-Kepong Plantation Holdings Sdn Bhd

100% (Investment holding)

Gunong Pertanian Sdn Bhd

100% (Plantation)

Parit Perak Plantations Sdn Bhd

100% (Plantation)

Pinji Horticulture Sdn Bhd

100% (Plantation)

P.T. ADEI Plantation & Industry

95% (Plantation)

P.T. KLG Agriservindo

100% (Management of plantations)

P.T. Kreasijaya Adhikarya

95% (Dormant)

P.T. Steelindo Wahana Perkasa

95% (Plantation)

Sy Kho Trading Plantation Sdn Bhd

100% (Plantation)

Sunshine Plantation Sdn Bhd

100% (Plantation)

KLK (Mauritius) International Ltd.

100% (Investment holding)

P.T. Parit Sembada

95% (Plantation)

Kulumpang Development Corporation Sdn Berhad

100% (Plantation)

Ladang Finari Sdn Bhd

100% (Plantation)

Ladang Sumundu (Sabah) Sdn Berhad

100% (Plantation)

Leluasa Untung Sdn Bhd

100% (Dormant)

Masawit Plantation Sdn Bhd

100% (Plantation)

Richinstock Sawmill Sdn Bhd

100% (Plantation)

Sabah Cocoa Sdn Bhd

100% (Plantation)

Sabah Holdings Corporation Sdn Bhd

70% (Investment holding)

Selit Plantations (Sabah) Sdn Bhd

100% (Plantation)

Sri Kunak Plantation Sdn Berhad

100% (Plantation)

Susuki Sdn Bhd

100% (Investment holding)

Axe Why Zed Sdn Bhd

100% (Plantation)

Bandar Merchants Sdn Bhd

100% (Plantation)

Segar Usaha Sdn Bhd

100% (Plantation)



GROUP COMPANIES

RETAILING

CE Holdings Limited

100% (Investment holding)

Crabtree & Evelyn Holdings Limited

100% (Investment holding)

Crabtree & Evelyn Australia Pty

Limited 100% (Distribution of toiletries)

C&E Canada, Inc

100% (Retailing & distribution of toiletries)

Crabtree & Evelyn Ltd

100% (Retailing & distribution of toiletries)

Crabtree & Evelyn Europe B.V.

100% (Investment holding)

Crabtree & Evelyn Deutschland

GmbH 100% (Retailing & distribution of toiletries)

Crabtree & Evelyn Austria

GmbH 100% (Retailing of toiletries)

Crabtree & Evelyn Industrie S.A.

100% (Inactive)

Crabtree & Evelyn (Overseas)

Limited 100% (Distribution of toiletries)

Crabtree & Evelyn London S.A.

100% (Retailing of toiletries)

Syarikat Budibumi Sdn Bhd

100% (Plantation)

Syarikat Swee Keong (Sabah) Sdn Bhd

100% (Plantation)

Taiko Plantations Sdn Berhad

100% (Management of plantations)

The Kuala Pertang Syndicate Limited

100% (Plantation)

The Shanghai Kelantan Rubber Estates

(1925) Limited 100% (Plantation)

K.H. Syndicate Limited

100% (Plantation)

Uni-Agro Multi Plantations Sdn Bhd

51% (Plantation)

Verdant Plantations Ltd

100% (Investment holding)

Crabtree & Evelyn London Limited

100% (Dormant)

Scarborough and Company Limited

100% (Dormant)

Crabtree & Evelyn (Hong Kong)

Limited 100% (Retailing & distribution of toiletries)

Crabtree & Evelyn (Malaysia)

Sdn Bhd 100% (Retailing of toiletries)

Crabtree & Evelyn Philippines, Inc

100% (Retailing & distribution of toiletries)

Crabtree & Evelyn (Singapore)

Pte Ltd 100% (Retailing & distribution of toiletries)

Quillspur Limited

100% (Investment holding)

Premier Procurement Limited

100% (Investment holding)

Acc-Enhance Sdn Bhd

100% (General trading)

Crabtree & Evelyn Trading Limited

100% (Manufacturing of toiletries)

Crabtree & Evelyn Shop

Limited 100% (Manufacturing of jams)

Windham Toiletries Limited

100% (Inactive)

Windham Manufacturing

Limited 100% (Manufacturing of toiletries)

MANUFACTURING

KL-Kepong Industrial Holdings Sdn Bhd
100% (Investment holding)

B.K.B. Hevea Products Sdn Bhd
100% (Manufacturing of
parquet flooring products)

B.K.B. Flooring Sdn Bhd
100% (Marketing of
parquet flooring products)

KL-Kepong Cocoa Products Sdn Bhd
100% (Manufacturing of cocoa products)

Selbourne Food Services Sdn Bhd
(formerly known as
Wigan Corporation Sdn Bhd)
100% (Manufacturing, packing and
distribution of chocolate products)

KL-Kepong Oleomas Sdn Bhd
(formerly known as
Elvissa Corporation Sdn Bhd)
100% (Warehousing and manufacturing)

KL-Kepong Rubber Products Sdn Bhd
100% (Manufacturing of
latex examination gloves)

Masif Latex Products Sdn Bhd
100% (Manufacturing of
household latex gloves)

KSP Manufacturing Sdn Bhd
96% (Manufacturing of soap noodles)

Palmamide Sdn Bhd
88% (Manufacturing of industrial amides)

Palm-Oleo Sdn Bhd
80% (Manufacturing of oleochemicals)

Jasachem Sdn Bhd
100% (Investment holding)

KLK Overseas Investments Limited
100% (Investment holding)

B.K.B. Europa SARL
100% (Marketing of
wood based products)

Standard Soap Company Limited
100% (Manufacturing of toiletries)

Beauty Basics Limited
100% (Dormant)

De Muth Limited
100% (Dormant)

KLK Cosmetics Limited
100% (Dormant)

**Personality Beauty Products
Limited** 100% (Dormant)

Premier Soap Company Limited
100% (Dormant)

Zenithpeak Limited
100% (Dormant)

KLK Premier Capital Limited
100% (Investment holding)

Voray Holdings Limited
55% (Investment holding)

**Hubei Zhong Chang Vegetable Oil
Company Limited***
60% (Edible oil refining)

**Tianjin Voray Bulking Installation
Co. Ltd**** 50.1% (Bulking installation)

* KLK Group's effective shareholding 33%

** KLK Group's effective shareholding 37%

PROPERTIES

KL-K Holiday Bungalows Sdn Berhad
100% (Operating holiday bungalows)

KL-Kepong Property Holdings Sdn Bhd
100% (Investment holding)

Austerfield Corporation Sdn Bhd
100% (Investment holding)

Betatechnic Sdn Bhd
100% (Property development)

Brecon Holdings Sdn Bhd
100% (Renting out of storage and office space)

Colville Holdings Sdn Bhd
100% (Property development)

KL-Kepong Complex Sdn Bhd
100% (Property development)

KL-Kepong Country Homes Sdn Bhd
100% (Property development)

**KL-Kepong Property Development
Sdn Bhd** 100% (Property development)

**KL-Kepong Property Management
Sdn Bhd** 100% (Property management)

Kompleks Tanjong Malim Sdn Bhd
80% (Property development)

Palermo Corporation Sdn Bhd
100% (Property development)

INVESTMENT HOLDING & OTHERS

Kepong Plantations Berhad
100% (In members' voluntary liquidation)

KL-Kepong Equity Holdings Sdn Bhd
100% (Investment holding)

Ablington Holdings Sdn Bhd
100% (Investment holding)

KL-Kepong International Ltd
100% (Investment holding)

Quarry Lane Sdn Bhd
100% (Investment holding)

KLK Assurance (Labuan) Limited
100% (Offshore captive insurance)

KLK Farms Pty Limited
100% (Cereal & sheep farming)

KLKI Holdings Limited
100% (Investment holding)

**Kuala Lumpur-Kepong Investments
Limited** 100% (Investment holding)

Ortona Enterprise Sdn Bhd
100% (Money lending)

Rubber Fibreboards Sdn Bhd
100% (Dormant)

ASSOCIATED COMPANIES

Applied Agricultural Research Sdn Bhd
50% (Agronomic service & research)

Beijing King Voray Edible Oil Co. Ltd ***
25% (Edible oil refining)

Esterol Sdn Bhd
50% (Manufacturing of food esters)

Kumpulan Sierramas (M) Sdn Bhd
33% (Property development)

Malaysia Pakistan Venture Sdn Bhd
25% (Investment holding)

Pearl River Tyre (Holdings) Limited
31% (Investment holding &
manufacturing of tyres)

PT Sekarbumi Alamlestari
48% (Plantation)

Tawau Bulking Installation Sdn Bhd
49% (Bulking installation)

Yule Catto & Co. plc
22% (Manufacturing & distribution of
speciality & fine chemicals)

*** KLK Group's effective shareholding 14%

Utmost in your Board's decision making is the preservation and enhancement of shareholders' value through sound business strategies and strong corporate governance.

Dalam penentuan keputusan oleh Lembaga, keutamaan diberi kepada pemeliharaan dan penambahan nilai pemegang saham melalui strategi urusaniaga bijak dan urustadbir korporat yang teguh.



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report of the KLK Group for the financial year ended 30 September, 2003.

The year under review saw vastly improved results not only from our major divisions of plantations and manufacturing but also from our associate, Yule Catto. Turnover increased by 40.7% to RM3.47 billion, against RM2.47 billion last year. Net profit jumped 54.7% to RM394.7 million and earnings per share likewise, rose substantially from 35.9 sen to 55.6 sen.

In view of the excellent results achieved, your Board has recommended a special dividend of 10 sen per share less tax in addition to the year-end recommendation of 9 sen per share less tax. Added to the 6 sen per share less tax paid as interim, the total dividend payment for the year will be 25 sen per share less tax, involving a total payment of RM127.8 million.

As expected, our Plantations Division was the leading profit contributor with a record pre-tax profit of RM360.1 million, followed by Manufacturing at RM102.5 million and Yule Catto at RM66.4 million.

Buoyant CPO prices and higher FFB crop production accounted for the record plantations profit. It is gratifying to note that our substantial investment and perseverance during the early difficult years of establishing our plantations in Indonesia are beginning to show results. With an extensive area of young palms in bearing and more lined up for harvesting amidst a backdrop of an improving economy and social order, this regional complex is increasingly becoming an important contributor to the Group.

PENYATA PENERUSI

Saya, bagi pihak Lembaga Pengarah, dengan sukacitanya membentangkan Laporan Tahunan Kumpulan KLK bagi tahun kewangan berakhir 30 September, 2003.

Tinjauan tahun ini telah menunjukkan keputusan yang bertambah baik bukan sahaja daripada bahagian utama di perladangan dan perkilangan tetapi juga daripada syarikat sekutu, Yule Catto. Perolehan Kumpulan bertambah 40.7% kepada RM3.47 bilion, berbanding RM2.47 bilion tahun lepas. Keuntungan bersih melonjak 54.7% kepada RM394.7 juta disertai dengan pendapatan sesaham yang meningkat ketara dari 35.9 sen ke 55.6 sen.

Memandangkan pencapaian keputusan yang begitu cemerlang, Lembaga anda telah mengesyorkan dividen khas sebanyak 10 sen sesaham tolak cukai, di samping syor akhir tahun sebanyak 9 sen sesaham tolak cukai. Tambahan kepada 6 sen sesaham tolak cukai dibayar sebagai interim, jumlah dividen yang dibayar untuk tahun ini ialah sebanyak 25 sen sesaham tolak cukai. Ini melibatkan pembayaran sejumlah RM127.8 juta.

Seperti yang dijangkakan, Bahagian Perladangan menerajui sumbangan kepada keuntungan dengan pencapaian rekod bagi keuntungan sebelum cukai sebanyak RM360.1 juta, diikuti Perkilangan sebanyak RM102.5 juta dan Yule Catto sebanyak RM66.4 juta.

Harga minyak sawit mentah yang kekal tinggi dan hasil buah tandan basah yang lebih baik membawa kepada keuntungan cemerlang ini. Adalah menyenangkan hati melihat permulaan hasil daripada usaha pelaburan yang besar dan ketabahan dalam beberapa tahun awal yang rumit semasa mendirikan ladang-ladang di Indonesia. Kawasan luas yang terdiri daripada pokok sawit muda dalam peringkat berbuah dan lebih lagi yang akan dituai, di samping ekonomi dan keadaan sosial yang bertambah baik, menjadikan kompleks rantau ini satu penyumbang penting kepada Kumpulan.

chairman's statement

Our oleochemical group has done well even though faced with the rising costs of raw materials, namely; palm products, due to the timely expansion of plant capacity which in turn helped to gain greater market share.

Encouraged by the good response to the initial launch of our residential property project in Sungei Buloh, located within the popular Klang Valley region, your Group has signed up to purchase, subject to the relevant approvals, an adjoining land area of 995.5 acres, from which it has planned to grow property development into another core business.

Our major associate, Yule Catto, has performed exceptionally well this year, especially its pharmaceutical division which specialises in the manufacture of the active ingredients for the ulcer drug, omeprazole, although new entrants into the same field have increased competition somewhat. At Crabtree & Evelyn, our international retailing division of personal care products, toiletries and home fragrances managed to weather the various unfavourable market environment to retain its profit level.

PROSPECTS

Your Group has continued to invest heavily in the renewal of assets, plant expansion and new plantings during the course of the year and total capital expenditure including that of new plantings amounted to RM178.6 million, all of which were financed internally. With the global economy showing signs of recovery from the Iraq war and the epidemic SARS outbreak, prospects should continue to improve, and given our comfortable cash hoard, we are favourably placed to seize any new opportunities which will generate further growth for our businesses.

Our core business of plantations will continue to be subjected to the volatility of CPO prices, and their current bullishness has got the new financial year to a good start.

penyata pengerusi

Kumpulan oleokimia telah berjaya walaupun menghadapi kenaikan kos bahan mentah, iaitu; bahan sawit, kerana penambahan muatan kilang kena pada masanya yang seterusnya membantu mencapai peningkatan bahagian pasaran.

Respons yang baik terhadap pelancaran projek hartanah perumahan di Sungei Buloh, bertempat di Wilayah Lembah Klang yang popular, telah menggalakkan Kumpulan anda menandatangani pembelian, tertakluk kepada kelulusan pihak berkaitan, sebidang tanah jiran seluas 995.5 ekar, untuk rancangan mengembangkan pembangunan hartanah sebagai satu lagi urusaniaga teras.

Syarikat sekutu utama kami, Yule Catto, menunjukkan prestasi yang amat baik tahun ini, terutamanya daripada bahagian farmaseutikal yang khusus membuat ramuan aktif kandungan ubat ulser, omeprazole, walaupun tandingan baru telah mula wujud dalam lapangan yang sama untuk memberikan persaingan tambahan. Crabtree & Evelyn, bahagian peruncitan antarabangsa dalam kelengkapan dandanan diri, dan wangian rumah tangga, kekal mempertahankan paras keuntungannya walaupun dalam suasana pasaran yang rumit.

PROSPEK

Kumpulan anda telah meneruskan pelaburan dalam pembaharuan aset, perkembangan kilang dan penanaman baru sepanjang tahun ini dengan perbelanjaan modal, termasuk penanaman baru, berjumlah sebanyak RM178.6 juta, kesemuanya dibiayai sendiri. Memandangkan ekonomi sedunia sedang menunjukkan pemulihan daripada ancaman perang Iraq dan wabak SARS, prospek dijangka bertambah baik. Dengan simpanan tunai terkumpul, kesediaan meragut sebarang peluang baru yang boleh menjanakan kemajuan tambahan dalam urusaniaga adalah terjamin.

Urusniaga teras dalam perladangan akan terus dipengaruhi oleh perubahan harga minyak sawit mentah, dan harga semasa yang menaik telah memberikan keputusan kewangan tahun baru yang baik.

chairman's statement

APPRECIATION

Mr Ong Beng Kee retired as Executive Director, but has been retained as a Consultant in specific plantations projects, and to him the Board would like to express its appreciation for his past years' services. His executive functions at Plantations Division have been taken over by Mr Roy Lim Kiam Chye who has served the Group in the Marketing Division the past 28 years.

Dato' Lee Soon Hian has indicated that he will also retire from the Board at the forthcoming AGM in order to pursue his personal and family interests. The Board would, once again record its appreciation to Dato' Lee for the many successes he had achieved in the Group's non-plantations business during his tenure of service.

Last, but not least, I would on behalf of the Board, express our thanks and appreciation to our employees for their positive efforts and to our shareholders for their continued loyal support of the KLK Group.

DATO' LEE OI HIAN

Chairman/CEO

12 December, 2003

penyata pengerusi

PENGHARGAAN

Encik Ong Beng Kee telah bersara sebagai Pengarah Eksekutif, tetapi telah dilantik sebagai pakar perunding dalam projek-projek perladangan tertentu. Lembaga mengucapkan penghargaan atas sumbangan perkhidmatan beliau dalam tahun-tahun lepas. Tugas eksekutif beliau dalam Bahagian Perladangan telah diambil alih oleh Encik Roy Lim Kiam Chye yang telah berkhidmat selama 28 tahun dengan Kumpulan dalam Bahagian Pemasaran.


Dato' Lee Soon Hian telah memaklumkan keinginan bersara daripada Lembaga di Mesyuarat Agung akan datang kerana beliau ingin menumpukan perhatian kepada hal-hal peribadi dan kepentingan keluarga. Lembaga, sekali lagi, merakamkan penghargaan kepada Dato' Lee atas kejayaan-kejayaan beliau dalam urusaniaga Kumpulan di luar bidang perladangan sepanjang perkhidmatan beliau.

Akhirnya, bagi pihak Lembaga Pengarah, saya mengucapkan terima kasih dan penghargaan kami kepada para pekerja atas usaha positif mereka dan kepada para pemegang saham demi sokongan setia yang berterusan kepada Kumpulan KLK.


DATO' LEE OI HIAN

Pengerusi/Ketua Eksekutif

12 Disember, 2003



Bunch counting with Palm Pilot



Harvesting ripe bunches




Sterilising FFB in the mill




Visit by overseas customers to Ladang Changkat Asa


Plantations



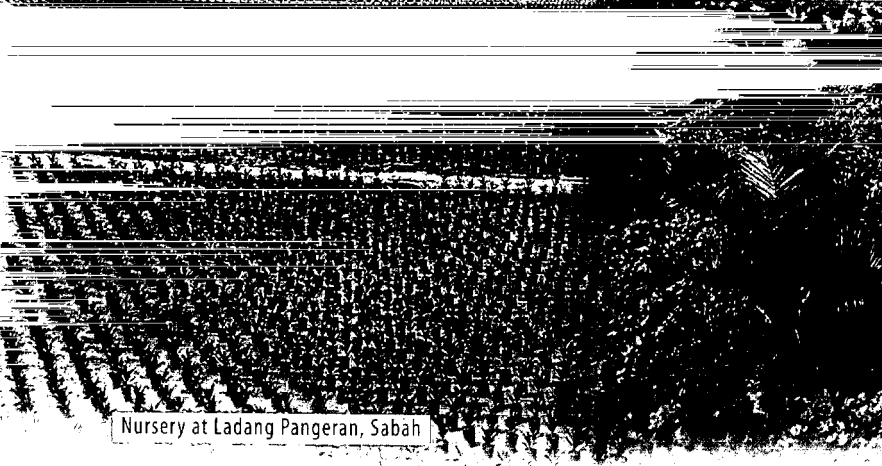
Mandau Selatan Office, Indonesia




Staff houses under construction, Indonesia



Latex collect
early morni



Nursery at Ladang Pangeran, Sabah



A well-established 2002 replant

OPERATIONS REVIEW

PLANTATIONS

Higher crude palm oil (CPO) prices, backed by an increase in crop harvest of fresh fruit bunches (FFB) boosted plantations profit to a record-high of RM360.1 million, a massive 72.9% increase over that of last year. The average CPO price realised rose from RM1,169 per tn to RM1,476 per tn, whilst FFB output reached a new high of 1.93 million tn, 9% more than last year. The oil palm profit per mature hectare i.e. before factoring in replanting expenditure, at RM4,160 per hectare exceeded last year's figure by 53.1%.

CPO prices have since the close of the financial year ended September 2003, gained further momentum with the spot market prices having touched the RM1,900 per tn level, on news of projected seasonally lower production figures of the soyabean crop in the U.S., and adverse weather conditions affecting the planting schedules of the other major soyabean producing countries of Argentina and Brazil. Other price-supporting factors included the lower stocks/usage ratio reported on the other 17 competing oils and fats worldwide, and higher offtakes of soyabean by China. Although CPO prices are not expected to sustain at such high levels, the zone to which the price will stabilise will depend very much on the soyabean production figures coming out of the major producing countries in the months ahead. More predictable, however, will be our own FFB harvest, and with 23.5% of the immature oil palm area coming on stream the next 2-3 years, a steady annual crop increase is to be expected. This will, hopefully help to cushion the effect of any future price weaknesses.

For the year under review, some 4,000 ha of young palms were brought into harvesting, bringing the total area under harvesting to 87,000 ha. The bulk of the new area came from our plantations in Indonesia. The past few years have seen the oil palm area in our Indonesian plantations grown to 30,000 ha planted, with 19,000 ha in harvesting, 11,000 ha under

immature and with another 8,500 ha of reserved land to be planted up over the next 3 years. Already contributing 20% of the Group's total FFB production this year, it is envisaged that our Indonesian plantations will play an increasingly important role in our future Group profitability, especially with a strong rising yield trend expected.

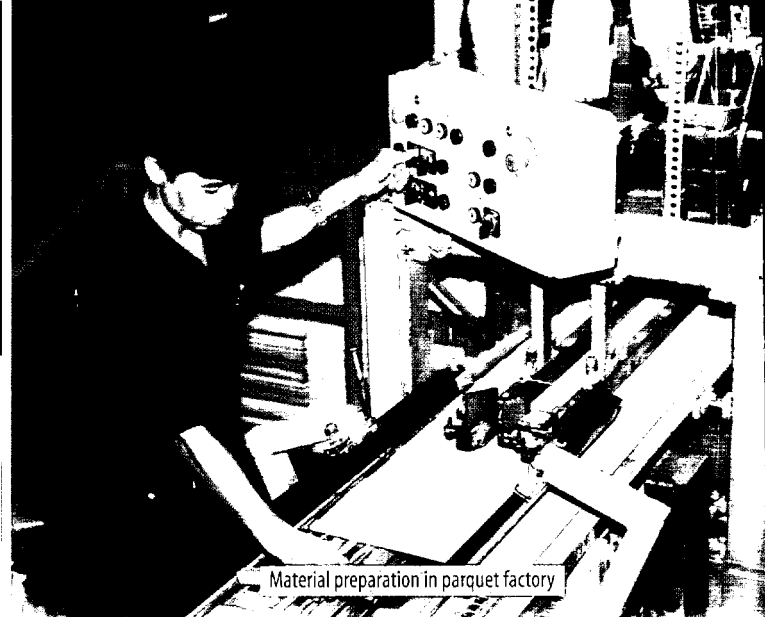
Notwithstanding the dilutive effect of the extensive area of young crop, yield per hectare for the Group as a whole was marginally increased to 22.15 tn, but the oil extraction rate (OER) remained at 20.5% to give a resultant CPO per hectare of 4.54 tn. Much hope is pinned on the extensive use of tissue-cultured materials, improved agronomic practices, provision of modern milling facilities and application of more stringent harvesting standards to raise OER further.

Two units of new mills, with a capacity of 45 tn per hour each, and with built-in capability of doubling the throughput, have been successfully commissioned in our ADEI Complex (Indonesia), in perfect timing to receive the vastly increased FFB production arising from the harvesting of the extensive newly-matured areas. The new mills are also strategically located to put them in a favourable position to purchase outside FFB in an intensively oil palm cultivated region.

Our rubber sector appeared to have received a new lease of life with the strong resurgence of prices for the various rubber grades, and which price levels may have the potential to increase further with the accelerated switch from rubber to oil palm in the major rubber producing countries. The average rubber price realised surged to RM3.86 from RM3.00 per kg, and the rubber profit per mature hectare increased substantially from RM602 to RM1,606. Although our Group's rubber area has declined over the years in favour of oil palms, to 21,000 ha, with about 5,000 ha located in the ADEI Complex (Indonesia), this sector will provide a useful contribution to the bottom-line if the general consensual view that rubber prices will remain buoyant holds true.



Cocoa beans sampling

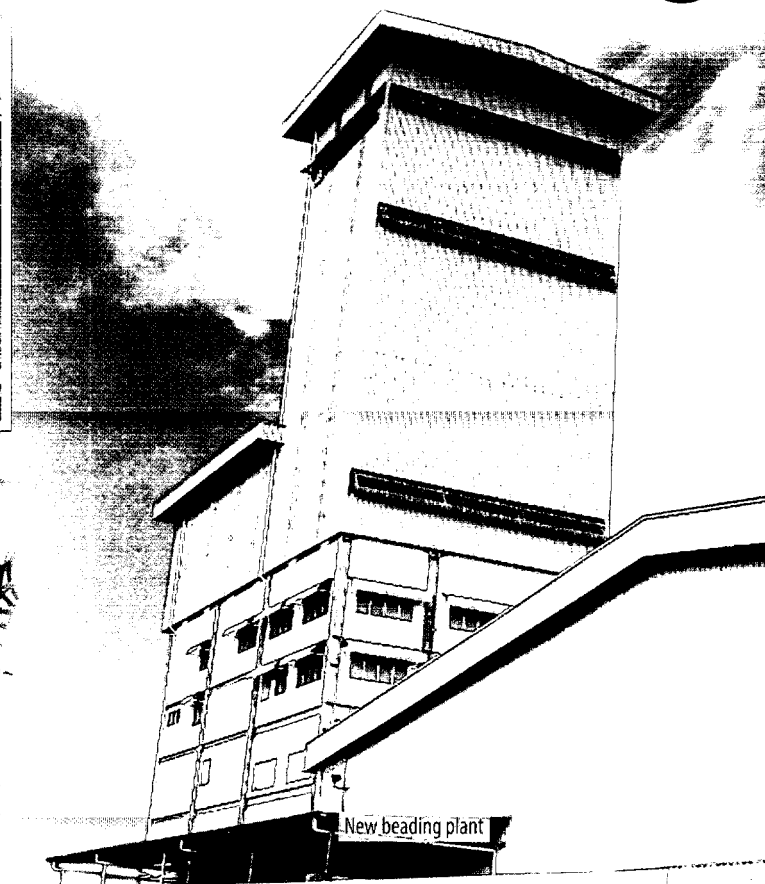


Material preparation in parquet factory

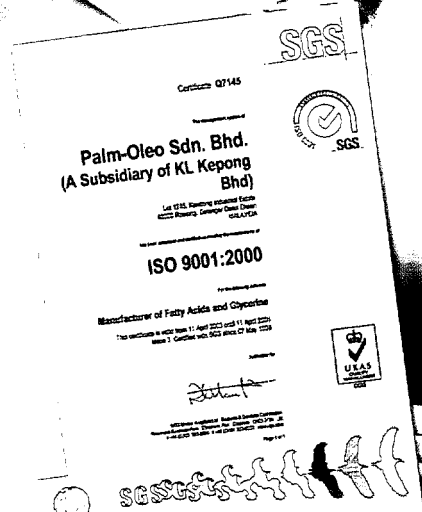
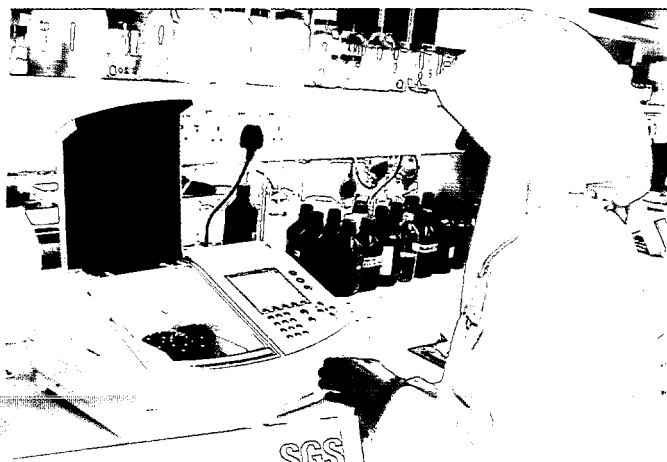
Manufacturing



The final check



New beading plant



SIMULTANEOUSLY ACHIEVING ISO 9001:2000
PALM-OLEO S/B PALMAMIDE S/B KSP MANUFACTURING S/B



MANUFACTURING

Turnover and profits in the manufacturing sector, dominated by the oleochemical group, soared to record levels despite a challenging environment aggravated by high raw material costs i.e. palm products. Turnover climbed 48.1% to RM1.27 billion whilst profit rose 18.5% to RM102.5 million.

Palm Oleo has managed to offset the adverse effects of higher material costs through increased capacity, resulting from the commissioning of a new plant in October 2002, which boosted its fatty acid throughput by two-thirds to 250,000 metric tons per annum. This has enabled it to successfully capture a wider market share, particularly in the Asian region. The derivatives businesses in soap noodles and esters continued to deliver satisfactory results.

UK-based **Standard Soap**, a contract manufacturer of soap products and toiletries, registered another slight loss mainly due to declining margins.

The combined operations of our two units in the People's Republic of China, **Tianjin Bulking Installation** and edible oil refinery **Hubei Zhong Chang**, turned in a marginal loss as a result of heavy price pressure.

KL-Kepong Cocoa Products, which produces cocoa and chocolate products, recorded an excellent set of results with pre-tax profit more than doubled that of the previous year. Its marketing strategy towards the quality market segment was well

supported by operational efficiencies. This, together with an effective prudent hedging policy, led to improved profit margin despite higher cocoa bean prices. During the year, it acquired a warehouse property adjacent to its factory. Its new chocolate plant is scheduled to commence operation by April 2004.

The results at **BKB Hevea Products ("BKB")**, our manufacturing plant for parquet flooring product, was little changed over the year in the face of continuing strong pressure from Chinese and Indonesian producers. Strict operating controls have helped to ensure that the quality of the company's products has been consistently good. Sales to Europe and Australia are expected to be higher, partly benefiting from the introduction of new products, which will help to widen the design range of various products and enhance the appeal and competitiveness of BKB's products.

The turnaround at our loss-making rubber glove manufacturing subsidiaries, **KL-Kepong Rubber Products and Masif Latex Products**, was delayed following higher latex prices and the subsequent margin squeeze amidst a highly competitive glove market. The commissioning of the first of the two acquired biomass boilers by December 2003 is part of the company's continuing effort to boost operating efficiencies.

The tyre manufacturing business of our 30.5%-owned associate, **Pearl River Tyre**, was affected by higher prices of raw material, particularly natural rubber, and intense competition. Sales in its main market in Guangdong Province were also hurt by the outbreak of SARS in the earlier part of the calendar year.



Hand Therapy

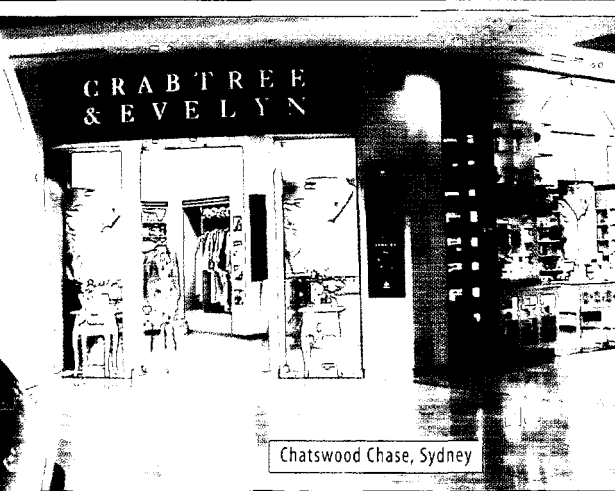
Wholesale Buy-In - Merchandise Included.



C&E Malaysia wins KLCC Retail Awards of Excellence 2002/2003

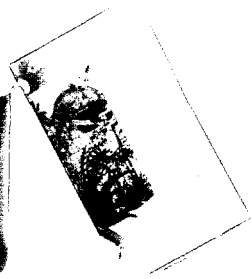
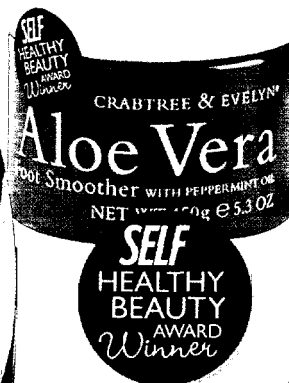


Customers
Satisfaction



Chatswood Chase, Sydney

Retailing



Long Service Award recipients, USA



RETAILING

Our global retailing **Crabtree & Evelyn** ("C&E") group turned in a relatively flat performance but is considered commendable in view of the various unfavourable developments in the global retail industry, including the Iraq war, SARS scare and volatile currency movements. Pre-tax profit only increased marginally to £2.45 million on 5.9% higher sales of £110.4 million. However, sales adjusted for currency fluctuation grew at a higher rate of 13.2%, arising from both an increase in the number of stores as well as a moderate rise in comp store sales.

Simultaneous with its store expansion programme, C & E has also continued to develop and launch new products, so as to maintain a fresh and progressive image in the marketplace. The Freesia, Evelyn, Lily and Gardenia lines under the English Floral collection were reformulated and repackaged. A new fragrance "Wisteria" was also added to the collection.

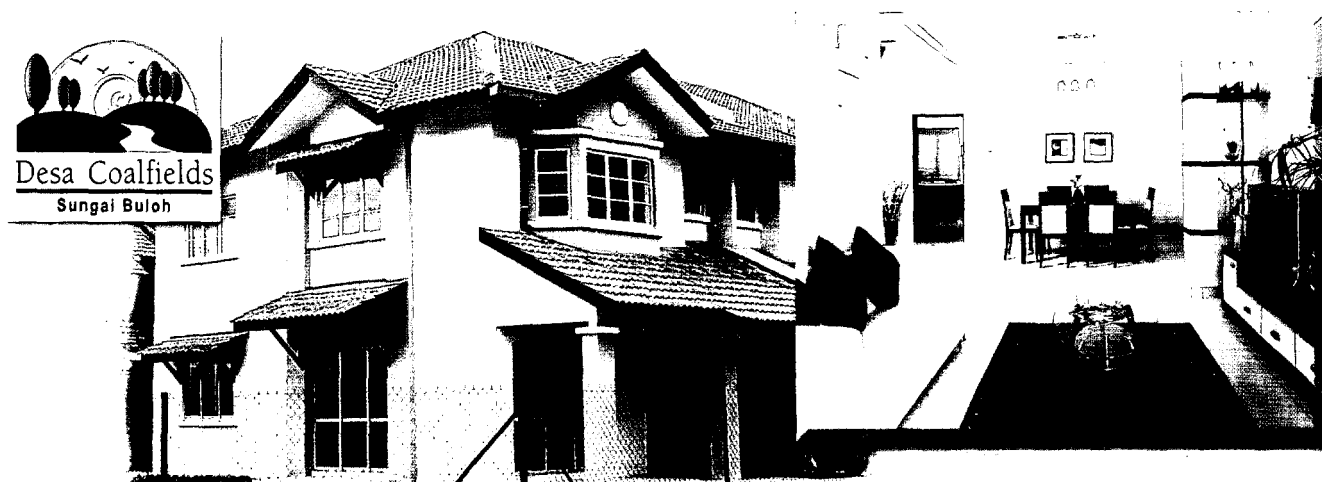
The C&E group continues to pursue cost reduction strategies throughout all its business areas. Additionally, in our efforts to tap the growing opportunities in E-Commerce, plans are in place to expand the group's commercial websites into Europe, Australia and the Far East. E-Commerce sales have been growing at a rate of over 25% annually.

PROPERTIES

Our maiden wholly-owned residential property project in Sungei Buloh, Desa Coalfields, has been very well received, achieving a take-up rate of 70% since it was progressively launched from January 2002. The project covers 230 acres and Phase 1 involves 638 units of double-storey terrace houses and single-storey shops with an aggregate gross sales value of RM73 million.

The key selling points were the freehold tenure of the properties, the upgrading plans for the infrastructure serving the area, particularly the Guthrie Corridor expressway, capital appreciation of the properties sold during the earlier phase and the assurance of value-for-money to buyers offered under our signature tagline, *KLK-Value Homes™*.

We plan to launch another 965 units consisting of double-storey terrace houses and double-storey shop offices and 5-storey low cost apartments, with a potential combined gross sales value of RM94 million in the coming year.





Retirement dinner for Mr Ong Beng Kee, Managing Director (Plantations)



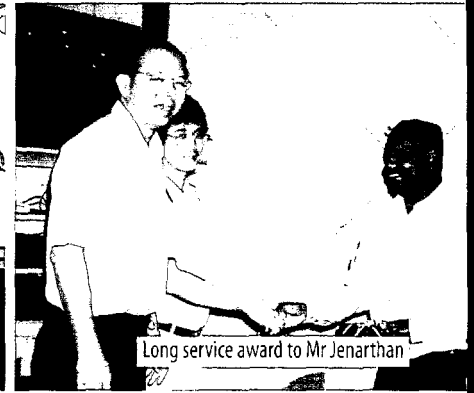
Visit by the Minister of Works, YB Dato' Seri S. Samy Vellu, to Ladang Jeram Padan



Teamwork to create the KLK website



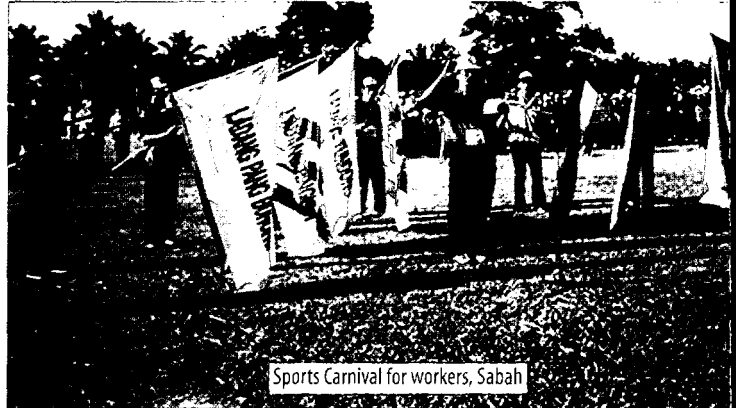
Best Manager Award at GSSB to Mr C. Periannan



Long service award to Mr Jenarthan



Students' visit to Ladang Tuan Mee



Sports Carnival for workers, Sabah



Human Resource

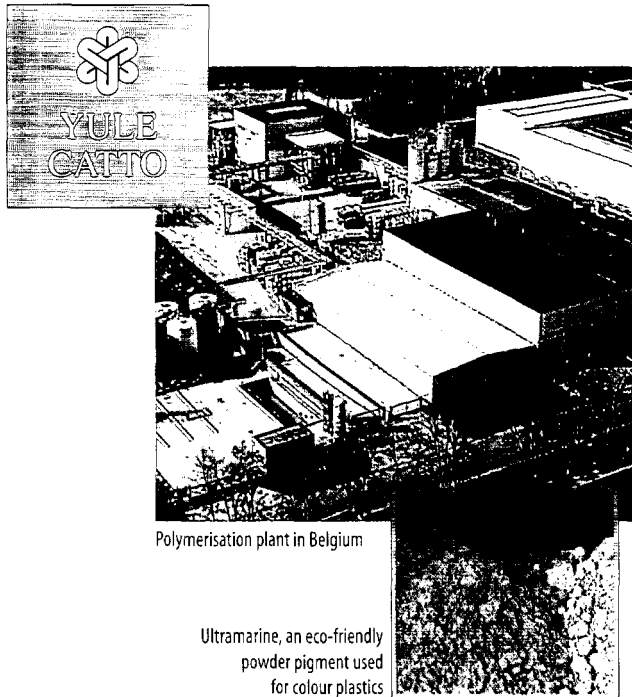
Child care at the estate

Staff & management get-together, Indonesia



Our joint venture in Kumpulan Sierramas has achieved an encouraging 70% take-up rate for its current development project, Sierramas West. Sierramas, the pioneer in the Gated Community concept, was awarded the prestigious FIABCI (Malaysian Chapter) Award of Distinction 2002 for the Best Residential Development.

With profit contribution from Desa Coalfields and Sierramas and the non-recurrence of losses from a discontinued property joint venture, the Properties Division has begun to make some positive contributions to Group earnings, with future prospects looking brighter as a result of the improving economy and the various government measures to stimulate the industry and encourage home ownership as well as diverse promotional offers from banks.



Polymerisation plant in Belgium

Ultramarine, an eco-friendly powder pigment used for colour plastics

OTHER INVESTMENT

UK-based **Yule Catto & Co Plc**, our major associate, reported a substantial rise in earnings to a record level on the back of strong growth in high-margin pharmaceutical products, particularly the active ingredient it manufactures for generic omeprazole, an ulcer drug. The ingredient is manufactured in Spain by Uquifa, the pharmaceutical arm of Yule Catto. Omeprazole sales in the USA have performed extremely well since the launch of the product there at the end of 2002 but sales growth has slowed as new competitors emerge.

On the other hand, the dominant Polymer Chemicals division was hurt by high raw material costs, arising mostly from higher oil prices, despite having achieved good volume growth. Its water-based polymer products under the Synthomer banner serves diverse industries including the paint and adhesives sectors.

In the Performance Chemicals division, both sales and profit recorded modest growth despite the loss of output from the ultramarine pigment factory due to a fire in September 2002. Normal production at the factory is expected to resume in early 2004. Other niche chemicals in the portfolio include metal salts, hair dyes intermediates and photographic chemicals.

Yule Catto has benefited substantially from the major restructuring of its businesses it undertook in prior years and should continue to improve on its performance in the year ahead, barring further upheaval in the oil market. To a certain extent, its earnings outlook will also depend on the impact of new entrants into the USA generic omeprazole market.

12 December, 2003

STATEMENT ON CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance ("the Code") formalised in March, 2000 and made mandatory with effect from June, 2001 for public listed companies to follow, marks a paradigm shift towards good corporate governance. The Code sets out the principles and best practices for adoption in an effort to raise standards of corporate governance in the country.

The KLG Board recognises that the exercise of highest standards of corporate governance in all aspects of its business dealings, is the bedrock of excellence and hence success of the Group. The Merit Award (Main Board – Plantation) for the Corporate Awards 2002 awarded to the Company by the Kuala Lumpur Stock Exchange ("KLSE") for outstanding corporate conduct, underscores the Company's commitment to corporate governance.

BOARD OF DIRECTORS

The Board sets the policies which will enable them to lead and guide the Company to achieve its goals. The Board currently has ten substantive members and one Alternate Director. Of the ten, there are two Executive Directors and the balance are Non-Executives. The Independent Non-Executive Directors are Charles Letts, YM Tengku Robert Hamzah, R. M. Alias, Maj-Gen (R) Dato' Seri Dr. Mahmood Sulaiman and Tan Sri Dato' Thong Yaw Hong. This complies to KLSE Listing Requirements, to have one third of the Board consisting of Independent Directors. Together, the Directors bring a wide spectrum of business acumen, financial experience and skills necessary to lead the Group. A brief profile of each Director is presented on pages 6 to 9.

For the financial year ended 30 September, 2003, the Board held 4 meetings. Directors' attendance to these meetings can be found in the Profiles of Directors on pages 6 to 9.

At Board Meetings, strategies and performance of the Company are being reviewed and evaluated in light of any changing circumstances whether economic, social or political. Although all the Directors have an equal responsibility for the Group's operations, the pivotal role played by the Independent Non-Executive Directors is vital to ensure that strategies formulated or transactions proposed by management are amply discussed in an unbiased and independent manner, taking into account the interests of all stakeholders.

In discharging its fiduciary duty, the Board is assisted by Board Committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. The terms of reference of each Committee have been approved by the Board.

In addition, where necessary, the Board may call in outside expert professionals in their respective fields to express their views on specific matters.

AUDIT COMMITTEE

The composition and terms of reference of this Committee together with its report are presented on pages 32 to 33 of the Annual Report.

NOMINATION COMMITTEE

The Committee, formed on 16 May, 2001, is responsible for recommending the right candidate with the necessary skills, experience and competencies to be filled in the Board. The Committee is also responsible for assessing the performance of each existing Director. The members of the Nomination Committee are as follows:

Yeoh Chin Hin (Chairman)
Tan Sri Dato' Thong Yaw Hong
Dato' Lee Hau Hian

For the financial year ended 30 September, 2003, the Committee held two meetings. No new appointments were made to the Board for the financial year under review.

REMUNERATION COMMITTEE

This Committee was set up in March, 1994. It is responsible for developing the remuneration policy for the Group. The Committee's remuneration package for senior management and that for the Executive Directors are subject to the approval of the Board and in the case of Non-Executive Directors' fees including Board Committees' fees, the approval of the shareholders. The members of the Remuneration Committee, all of whom are Non-Executive Directors, are as follows:

R.M. Alias (Chairman)
Yeoh Chin Hin
Maj-Gen (R) Dato' Seri Dr. Mahmood Sulaiman

For the financial year ended 30 September, 2003, the Committee held one meeting.

statement on corporate governance

DIRECTORS' REMUNERATION

The Company pays its Non-Executive Directors annual fees which was last revised in 2002 and are approved annually by the shareholders. In addition, members to Board Committees are paid a meeting allowance for each meeting they attend. The Directors are also reimbursed for expenses incurred by them in the course of carrying out their duties on behalf of the Company.

The Company's policy on Directors' remuneration is to attract and retain the Directors of high calibre needed to run the Group successfully. In the case of the Chairman/CEO and the Executive Director, the component parts of the remuneration are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. The Board also takes into consideration information provided by independent consultants or from survey data.

The appropriate Directors' remuneration paid or payable or otherwise made available from the Company and its subsidiary companies during the financial year are presented in the table below:

- (a) Aggregate remuneration of Directors categorised into appropriate components:

Components	Directors	
	Executive RM'000	Non-Executive RM'000
Fees	-	666
Salaries	1,346	-
Bonus	676	-
Benefits-In-Kind	73	-
Other Emoluments	1,032	11
Total	3,127	677

- (b) The number of Directors of the Company whose total remuneration falls within the following bands:

Range of remuneration	Number of Directors	
	Executive	Non-Executive
RM50,001 to RM100,000	1	7
RM100,001 to RM150,000	-	1
RM950,001 to RM1,000,000	2	-
RM1,100,001 to RM1,150,000	1	-

There are no contracts of service between any Director and the Company or its subsidiaries having an unexpired term of more than one year, except for the Chairman/CEO, Dato' Lee Oi Hian and the Executive Director, Dato' Lee Soon Hian. The contract with the Chairman/CEO will expire on 19 December, 2008. Dato' Lee Soon Hian retires by rotation from the Board at the forthcoming Annual General Meeting but will not stand for re-election.

RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association, all newly appointed Directors are subject to re-election by the shareholders at the first Annual General Meeting after their appointments. No new appointment was made for the year ended 30 September, 2003.

In accordance with the Articles of Association, one third of the remaining Directors are required to retire by rotation at the Annual General Meeting held annually and that all Directors shall retire at least once in every 3 years. The Director due to retire by rotation at the forthcoming Annual General Meeting is shown on page 2 of the Notice of Meeting (Ordinary Resolution 3).

Directors over seventy years old are required to submit themselves for re-appointment annually in accordance to Section 129(6), Companies Act, 1965. Directors seeking re-appointment under this Section at the forthcoming Annual General Meeting are shown on page 2 of the Notice of Meeting (Ordinary Resolutions 4, 5, 6, 7 and 8).

SUPPLY OF INFORMATION TO BOARD MEMBERS

Board Meetings are structured with a pre-set agenda. Board papers for the Agenda are circulated to Directors well before the meeting date to give Directors time to deliberate on the issues to be raised at the meeting. Monthly reports on the financial performance of the Company and Group are also circulated to the Directors for their views and comments. All proceedings of Board Meetings are minuted and signed by the Chairman of the Meeting in accordance with the provision of Section 156 of the Companies Act, 1965.

At other times, Directors have direct access to the Senior Management and the services of the Company Secretaries. Directors are encouraged to visit the Group's operating centres to familiarise themselves with the various operations of the Group.

All the Directors have attended and completed the Mandatory Accreditation Programme ("MAP") conducted by the Research Institute of Investment Analysts Malaysia ("RIIAM"), an affiliate company of KLSE. From 1 July, 2003 they will attend the Continuing Education Programme ("CEP") organised by accredited organisations.

statement on corporate governance

RELATIONS WITH SHAREHOLDERS AND INVESTORS

The Board encourages shareholders' active participation at the Company's Annual General Meeting and endeavours to ensure all Board Members are in attendance. The Auditors are also present in the Company's Annual General Meeting. At the Annual General Meeting, the Board presents the performance of the Group as contained in the Annual Report and shareholders present are given the opportunity to raise questions or to seek more information. Resolutions tabled and passed at the Meeting are released to the Stock Exchanges on the same day to enable the public to know the outcome.

In addition, the Company makes various announcements through the Stock Exchanges, in particular the timely release of the quarterly results within two months from the close of a particular quarter. Summaries of the interim and the full year's results are advertised in the local newspapers and copies of the full announcement are supplied to the shareholders and members of the public upon request. Members of the public can also obtain the full financial results and the Company's announcements from the Company's website at www.klk.com.my and also the KLSE website.

The Board has appointed R.M. Alias as the Senior Non-Executive Director to whom shareholders can address their concerns. At all times, shareholders may contact the Company Secretaries for information on the Company.

Dialogues/presentations are held periodically with investors and analysts at the Head Office or roadshows. For the financial year ended 30 September, 2003, the Company also participated in the Minggu Saham Amanah Malaysia in Kuala Lumpur where potential investors and members of the public can obtain information on the Company's business and performance.

FINANCIAL REPORTING

The Board takes responsibility for presenting a balanced and understandable assessment of the Group's operations and prospects each time it releases its quarterly and annual financial statements to shareholders. The Audit Committee reviews the information to be disclosed to ensure its accuracy, adequacy and compliance to the appropriate accounting standards.

INTERNAL CONTROLS

The Statement on Internal Control is set out on pages 30 to 31.

RELATIONSHIP WITH THE AUDITORS

The role of the Audit Committee in relation to the external auditors is elaborated on pages 32 to 33.



COMPLIANCE WITH THE CODE

Save as disclosed below, the Group has substantially complied with the Principles and Best Practices of the Code:

- (a) Of the 3 members of the Nomination Committee, who are all Non-Executives, only one is an Independent Director. Although the majority of the members of the Committee is Non-Independent, the Board is of the view that the Nomination Committee only makes recommendations to the Board who then has the final say. There are sufficient Independent Directors in the Board to review the Committee's recommendations.
- (b) Details of the Directors' remuneration are set out in applicable bands of RM50,000 which comply with KLSE Listing Requirements but however, does not disclose that of each Director. The Board is of the view that transparency and accountability as applicable to Directors' remuneration are appropriately served by the band disclosure method.
- (c) The Board is mindful of the dual roles held by the Chairman/CEO but is of the view that there are sufficient Independent Directors on the Board with wide boardroom experience to provide the necessary check and balance. Further, the Board has also developed over the years a clearly defined framework including the formation of various Board Committees to discuss and decide on policy matters and related issues on a regular basis. The Chairman/CEO as a rule abstains from all deliberations and voting on matters which he is directly or deemed interested. All related party transactions involving him are dealt with in accordance with the KLSE Listing Requirements.

DIRECTORS' RESPONSIBILITY STATEMENT

In respect of the preparation of the audited financial statements, the Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and their results and cash flows for that year. In preparing the financial statements for the financial year ended 30 September, 2003, the Directors have:

- used appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept and which disclose with reasonable accuracy the financial position of the Company and Group to enable them to ensure that the financial statements comply with the Companies Act, 1965. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company, to prevent and detect fraud and other irregularities.

OTHER INFORMATION

Option warrants and convertible securities

The Company has not issued any warrants and convertible securities during the financial year.

American Depositary Receipt ("ADR")

KLK has an ADR Programme (Level 1) in the United States of America ("USA") sponsored by JP Morgan Chase Bank ("JPMorgan"). Under the ADR Programme, a maximum of 21.3 million ordinary shares of RM1.00 each in KLK, representing approximately 3% of its current issued and paid-up share capital, are tradable in ADRs over-the-counter in the USA in the ratio of 1 (one) ADR to 10 (ten) KLK shares. JPMorgan, the depositary bank has appointed Malayan Banking Berhad, Kuala Lumpur as its sole custodian of the KLK shares for the ADR Programme. For the year ended 30 September, 2003, no KLK shares has been deposited with the custodian and therefore, there are no ADRs outstanding at this time.

Sanctions and/or penalties

There was no material sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Profit guarantee

During the financial year, there was no profit guarantee issued by the Company.

Material contracts

Material contracts for the Company and its subsidiaries involving Directors either subsisting at the end of the financial year or entered into since the end of the previous financial year are disclosed in Note 27 to the financial statements under "Related Party Transactions" on pages 68 to 70.

21 November, 2003

STATEMENT ON INTERNAL CONTROL

The Malaysian Code on Corporate Governance states that the Board of Directors ("Board") should maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following Statement on Internal Control pursuant to paragraph 15.27(b) of the Kuala Lumpur Stock Exchange Listing Requirements ("KLSE Listing Requirements").

The External Auditors have reviewed this statement pursuant to paragraph 15.24 of the KLSE Listing Requirements and in accordance with Auditing Technical Release ("ATR") 5, Guidance for Auditors on the Review of Directors' Statement on Internal Control, and have reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the processes that the Board has adopted in reviewing the adequacy and integrity of the system of internal control.

Set out below is the Board's Internal Control Statement which outlines the nature and state of internal control of the Group during the year.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for the Group's system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

In view of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system could provide only reasonable but not absolute assurance against material misstatements, operational failures, frauds or losses.

RISK MANAGEMENT FRAMEWORK

There is in place a formal and on-going process to identify, evaluate and manage significant risks faced by the Group. This process entails the establishment of an appropriate risk management framework to embed risk management precepts in the processes and activities of the Group. This includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measures.

As part of the risk management framework, a Group Risk Management Committee ("GRMC") has been established to monitor the on-going risks faced by the Group.

The on-going processes are co-ordinated by the Internal Audit Division in conjunction with all the business heads within the Group and reporting periodically to the GRMC.

statement on internal control

OTHER KEY COMPONENTS OF INTERNAL CONTROL SYSTEM

The other key components of the Group's internal control systems are described below:

Board Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Chairman/CEO, together with the respective Executive Directors, leads the presentation of board papers and provides comprehensive explanation of pertinent issues. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a regular basis.

Organisational structure with formally defined responsibility lines and delegation of authority

There is in place an organisational structure with formally defined responsibility lines and authorities to facilitate quick response to changes in the evolving business environment and accountability for operation performance. Capital and non-capital expenditures and acquisition and disposal of investment interest are subject to appropriate approval processes.

Performance Management framework

Comprehensive management reports are generated on a regular and consistent basis to facilitate the Board and the Group's Management to perform financial and operating reviews on the various operating units. The reviews encompass areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

The Group has in place a detailed and well-controlled budgeting process that provides a responsibility accounting framework.

Operational policies and procedures

The documented policies and procedures form an integral part of the internal control system to safeguard the Group's assets against material losses and ensure complete and accurate financial information. The documents consist of memoranda, circulars, manuals and handbooks that are continuously being revised and updated to meet operational needs.

WEAKNESSES IN INTERNAL CONTROL

Continuous Management efforts are in place to improve the internal control systems. There was no material losses which occurred during the year that resulted from weaknesses in the internal control systems.

21 November, 2003

AUDIT COMMITTEE

MEMBERS

YM Tengku Robert Hamzah – Chairman
(Independent Non-Executive Director)

Datuk Abdul Rahman bin Mohd. Ramli
(Non-Independent Non-Executive Director and MIA member)

Maj-Gen (R) Dato' Seri Dr Mahmood Sulaiman
(Independent Non-Executive Director)

SECRETARIES

J.C. Lim
Fan Chee Kum

TERMS OF REFERENCE

The Audit Committee ("Committee") was established in 1993 to serve as a Committee of the Board. The terms of reference of the Committee are set out below:

Duties and Responsibilities

The Committee shall:

- Provide assistance to the Board of Directors (the "Board") in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices for Kuala Lumpur Kepong Berhad (the "Company") and all its subsidiaries (the "Group").
- Maintain through regularly scheduled meetings, a direct line of communication between the Board and the External and Internal Auditors.
- Propose, monitor and ensure an adequate system of risk management for management to safeguard the Group's assets.
- Act upon the Board's request to investigate and report on any issues or concerns with regard to the Management of the Group.

Authority

The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

The Committee shall have unlimited access to all information and documents relevant to its activities as well as to the internal and external auditors and senior management of the Group.

The Committee is authorised by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary.

Financial Procedures and Financial Reporting

Review of the quarterly and year-end financial statements of the Company and the Group to ensure compliance with appropriate accounting policies, accounting standards and disclosure requirements before submitting them to the Board.

Related Party Transactions

To consider any related party transactions that may arise within the Company or the Group.

External Audit

- Review the audit plan of the external auditors;
- Review the external auditors' report and to evaluate their findings and recommendations for actions to be taken;
- Consider and recommend the nomination, appointment and the reappointment of external auditors and their fees;
- To report promptly to the Kuala Lumpur Stock Exchange ("KLSE") on any matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the KLSE Listing Requirements.

Internal Audit

- Review the adequacy of the scope, functions and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- Review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate action is taken on the recommendations of the internal audit function;
- Review the performance of the Internal Audit Division ("IAD") to ensure that they have the standing to exercise independence and professionalism in discharging their duties.

COMPOSITION

The terms of office and performance of each of the member of the Committee shall be reviewed by the Board at least once every 3 years.

MEETINGS

During the financial year ended 30 September, 2003, five Committee meetings were held. A record of the attendance to these meetings is as follows:

	<i>No. of Meetings Attended</i>
YM Tengku Robert Hamzah <i>(Appointed as Chairman on 16 May, 2003)</i>	5
Datuk Abdul Rahman bin Mohd. Ramli	5
Maj-Gen (R) Dato' Seri Dr Mahmood Sulaiman <i>(Appointed on 16 May, 2003)</i>	1
Mr. Yeoh Chin Hin <i>(Resigned on 16 May, 2003)</i>	3

INTERNAL AUDIT FUNCTION

The Group has an adequately resourced IAD whose principal responsibility is to undertake regular and systematic reviews of the systems of controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Company and the Group. The IAD reports directly to the Committee and is independent of the activities they audit. In addition, the IAD also conducts investigations and special reviews at the request of Management.

The IAD regularly submits the audit reports on their audit activities and the internal audit findings are tabled at the Committee meetings. The Head of the IAD attends the Committee meetings to present the internal audit findings and makes appropriate recommendations on any areas of concern within the Company and the Group for the Committee's deliberation.

In 2002/2003, a total of 150 audits, reviews and investigations were carried out spanning the Group's operations.

ACTIVITIES

The summary of activities of the Committee during the year under review was as follows:

- Reviewed the quarterly financial statements and Annual Report of the Group prior to presentation for the Board's approval, focusing particularly on:-
 - any changes in accounting policies and practices;
 - significant adjustments arising from the audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- Reviewed the related party transactions that had arisen within the Company or the Group.
- Considered the appointment of external auditors and their request for increase in audit fees.
- Reviewed with the external auditors their audit plan prior to commencement of audit.
- Discussed and reviewed the Group's financial year-end statements with the external auditors including issues and findings noted in the course of the audit of the Group's Financial Statements.
- Reviewed and discussed with the external auditors their evaluation of the system of internal control of the Group.
- Reviewed and deliberated on reports of audits conducted by the IAD.
- The Committee also appraised the adequacy of actions and remedial measures taken by the Management in resolving the audit issues reported and recommended further improvement measures.
- Reviewed and assessed the risk management activities of the Company and the Group.



ENVIRONMENTAL POLICY

We are committed to keep our environment clean, safe and healthy.

We will continue to promote greater environmental awareness in our daily activities.

Preservation of the environment is the responsibility of everybody in the Company.

QUALITY POLICY

Our commitment is towards quality at a consistently high level.

We emphasise on quality of products, service and competitive pricing to meet or exceed consumers' requirement.

We will remain innovative and adopt new technologies to cater for changing needs.

Quality improvement is the responsibility of every employee.

OCCUPATIONAL SAFETY & HEALTH POLICY

We seek the highest standards of safety and health care in the pursuit of our business activities.

We are therefore fully committed to meet the legislative objectives and moral obligations in order to create, build and promote a safe and healthy work environment and culture.

FINANCIAL STATEMENTS 2003

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REPORT OF THE DIRECTORS

The Directors of Kuala Lumpur Kepong Berhad have pleasure in submitting their Report together with the audited financial statements of the Group consisting of the Company and its subsidiaries and of the Company for the year ended 30 September, 2003.

PRINCIPAL ACTIVITIES

The Company carries on the business of producing and processing palm products and natural rubber on its plantations. The Group's subsidiary and associated companies are involved in the business of plantation, manufacturing, retailing, property development and investment holding. There have been no significant changes in the nature of these activities during the year ended 30 September, 2003.

RESULTS

	Group RM'000	Company RM'000
Profit before taxation	568,911	152,126
Tax expense	(156,484)	(35,264)
Profit after taxation	412,427	116,862
Minority interests	(17,739)	-
Net profit for the year	394,688	116,862

DIVIDENDS

The amounts paid or declared by way of dividend by the Company since the end of the previous financial year were:

- (i) a final dividend of 9 sen gross per share, less 28% income tax, amounting to RM46,007,000 in respect of the year ended 30 September, 2002 was paid on 20 March, 2003, as proposed in last year's report;
- (ii) a special dividend of 5 sen gross per share, less 28% income tax, amounting to RM25,559,000 in respect of the year ended 30 September, 2002 was paid on 20 March, 2003, as proposed in last year's report; and
- (iii) an interim dividend of 6 sen gross per share, less 28% income tax, amounting to RM30,671,000 in respect of the year ended 30 September, 2003 was paid on 11 August, 2003.

The Directors recommend the payment of a final dividend of 9 sen gross per share, less 28% income tax and a special dividend of 10 sen gross per share, less 28% income tax totalling RM97,125,000 for the year ended 30 September, 2003 which, subject to approval at the Annual General Meeting of the Company, will be paid on 15 March, 2004 to shareholders on the Company's register of members at the close of business on 19 February, 2004.

RESERVES AND PROVISIONS

All material transfers to and from reserves and provisions during the financial year have been disclosed in the financial statements.

ISSUED AND PAID-UP CAPITAL

During the financial year, the Company has not made any purchase of its own shares or re-sale of the treasury shares since the fresh mandate for the share buy back scheme approved by the shareholders of the Company at the Extraordinary General Meeting ("EGM") held on 20 February, 2003. Details of the shares bought back and retained as treasury shares are as follows:

Month	No. Of Shares Bought Back And Held As Treasury Shares	Per Share			Total Consideration RM '000
		Highest Price Paid RM	Lowest Price Paid RM	Average Price Paid RM	
February, 1999	1,208,000	5.90	5.10	5.58	6,823
March, 1999	1,131,000	5.25	4.72	4.86	5,559
January, 2002	200,000	5.30	5.30	5.30	1,065
	2,539,000				13,447

report of the directors

The mandate given by the shareholders will expire at the forthcoming Annual General Meeting ("AGM") and an ordinary resolution will be tabled at the Company's EGM to be convened on the same day of the Company's AGM for shareholders to grant a fresh mandate for another year.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are shown on page 5.

In accordance with the Company's Articles of Association, Dato' Lee Hau Hian retires by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offers himself for re-election.

In accordance with the Company's Articles of Association, Dato' Lee Soon Hian also retires by rotation from the Board at the forthcoming Annual General Meeting but will not seek re-election.

Yeoh Chin Hin, Charles Letts, Maj-Gen (R) Dato' Seri Dr. Mahmood Sulaiman, Tan Sri Dato' Thong Yaw Hong and R.M. Alias retire at the forthcoming Annual General Meeting pursuant to Section 129(2) of the Companies Act, 1965, and resolutions will be proposed for their re-appointments as Directors under the provision of Section 129(6) of the said Act to hold office until the conclusion of the following Annual General Meeting of the Company.

DIRECTORS' SHAREHOLDINGS

Details of the Directors' shareholdings in the Company of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

Name	Number of Shares of RM1 each			Balance at 30.9.2003	% of Issued Share Capital#
	Balance at 1.10.2002	Bought	Sold		
Dato' Lee Oi Hian					
- held directly	48,000	-	-	48,000	0.01
- deemed interested	320,445,896	9,551,704	-	329,997,600	46.48
Yeoh Chin Hin					
- held directly	1,050,000	-	-	1,050,000	0.15
- deemed interested	80,000	-	-	80,000	0.01
Charles Letts					
- held directly	456,000	-	-	456,000	0.06
- deemed interested	-	-	-	-	-
YM Tengku Robert Hamzah					
- held directly	73,000	-	-	73,000	0.01
- deemed interested	170,000	-	-	170,000	0.02
R. M. Alias					
- held directly	225,000	-	-	225,000	0.03
- deemed interested	-	-	-	-	-
Dato' Lee Hau Hian					
- held directly	55,500	-	-	55,500	0.01
- deemed interested	320,445,896	9,551,704	-	329,997,600	46.48
Tan Sri Dato' Thong Yaw Hong					
- held directly	70,000	-	-	70,000	0.01
- deemed interested	40,500	4,500	-	45,000	0.01
Dato' Lee Soon Hian					
- held directly	-	700,000	-	700,000	0.10
- deemed interested	320,445,896	9,551,704	-	329,997,600	46.48
Yeoh Eng Khoon (alternate to Yeoh Chin Hin)					
- held directly	240,000	-	-	240,000	0.03
- deemed interested	2,120,000	-	-	2,120,000	0.30

Based on 709,977,128 shares excluding 2,539,000 treasury shares.

Other than the abovementioned Directors, no other Director in office at the end of the year held any shares in the Company.

report of the **directors**

Except for Dato' Lee Hau Hian who holds 358,668 shares in the Company as a bare trustee, none of the other Directors has any non-beneficial interest in the shares of the Company during the financial year.

Dato' Lee Soon Hian's direct interest in the shares of the Company increased by 100,000 shares between 30 September, 2003 and 8 December, 2003. Except for the aforesaid, there were no changes notified by the Directors in any of their direct or deemed interest in the share capital of the Company during the period.

By virtue of their deemed interests in the shares of the Company, Dato' Lee Oi Hian, Dato' Lee Hau Hian and Dato' Lee Soon Hian are deemed to have an interest in the shares of the subsidiaries of the Company to the extent of the Company's interest in the respective subsidiaries as disclosed under Note 31 on the financial statements.

No other Director in office has any beneficial interest in the shares of related corporations of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors and the consultancy fee paid to a Director shown in the Group financial statements, or of a related company) by reason of a contract made by the Company or a related company with a Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any deemed benefits that may accrue to certain Directors by virtue of normal trading transactions by the Group and the Company with related parties as disclosed under Note 27 on the financial statements.

There were no arrangements during and at the end of the year which the Company was a party to which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate provision made for doubtful debts; and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors of the Company are not aware of any circumstances:

- (i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and Company inadequate to any substantial extent; or
- (ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year and which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

report of the directors

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which in the opinion of the Directors will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due other than that disclosed under Note 30 on the financial statements.

In the opinion of the Directors, except for the effects of any change in accounting policies adopted since the last report as disclosed in the financial statements, the results of the operations of the Group and of the Company for the financial year ended 30 September, 2003 have not been substantially affected by any item, transaction or event of a material and unusual nature, nor have any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The retiring auditors, Messrs. KPMG, have indicated their willingness to accept re-appointment.

On Behalf of the Board

DATO' LEE OI HIAN
(Chairman/CEO)

YEOH CHIN HIN
(Director)

12 December, 2003.

INCOME STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER, 2003

		Group		Company	
	Note	2003 RM'000	2002 RM'000 (Restated)	2003 RM'000	2002 RM'000
Revenue	2	3,473,531	2,469,071	505,078	392,035
Operating profit	3	495,966	302,199	152,126	121,938
Finance cost	4	(5,615)	(4,832)	-	-
Share of results of associated companies	3	78,560	49,752	-	-
Profit before taxation		568,911	347,119	152,126	121,938
Tax expense					
Company and subsidiary companies	7	(124,905)	(61,514)	(35,264)	(15,840)
Associated companies	7	(31,579)	(19,154)	-	-
		(156,484)	(80,668)	(35,264)	(15,840)
Profit after taxation		412,427	266,451	116,862	106,098
Minority interests		(17,739)	(11,378)	-	-
Net profit for the year		394,688	255,073	116,862	106,098
		Sen	Sen	Sen	Sen
Earnings per share	8	55.6	35.9	16.5	14.9
Dividends per share (net)					
- 25 sen (2002: 20 sen) gross					
less 28% income tax	9	18.0	14.4	18.0	14.4

The notes set out on pages 49 to 83 form an integral part of, and should be read in conjunction with, these financial statements.

BALANCE SHEETS

AT 30 SEPTEMBER, 2003

		Group	Company		
	Note	2003 RM'000	2002 RM'000 (Restated)	2003 RM'000	2002 RM'000 (Restated)
PROPERTY, PLANT AND EQUIPMENT	10	2,273,656	2,183,584	640,098	639,734
PROPERTY DEVELOPMENT	11	54,652	68,806	-	-
SUBSIDIARY COMPANIES	12	-	-	963,585	945,411
ASSOCIATED COMPANIES	13	497,020	467,688	94,675	94,675
OTHER INVESTMENTS	14	82,473	69,834	652	652
DEFERRED TAX ASSETS	15	9,490	21,630	-	-
INTANGIBLE ASSETS	16	18,837	18,782	-	-
GOODWILL ON CONSOLIDATION		60,369	64,002	-	-
		2,996,497	2,894,326	1,699,010	1,680,472
CURRENT ASSETS					
Inventories	17	478,133	425,204	21,482	21,116
Trade receivables	18	250,636	207,701	8,037	13,365
Other receivables, deposits and prepayments	19	169,345	131,474	44,769	44,765
Property development	11	23,286	2,717	-	-
Cash and cash equivalents	20	606,545	409,686	56,269	51,528
Amounts owing by subsidiary companies	12	-	-	1,336,045	1,299,084
		1,527,945	1,176,782	1,466,602	1,429,858
Less:					
CURRENT LIABILITIES					
Trade payables	21	123,644	106,415	5,482	4,671
Other payables	22	153,724	153,078	39,538	32,295
Taxation		38,197	12,226	-	-
Borrowings	23	139,098	106,039	-	-
Finance leases	24	260	190	-	-
Amounts owing to subsidiary companies	12	-	-	127,581	98,987
		454,923	377,948	172,601	135,953
NET CURRENT ASSETS		1,073,022	798,834	1,294,001	1,293,905
		4,069,519	3,693,160	2,993,011	2,974,377
Financed by:					
SHARE CAPITAL	25	712,516	712,516	712,516	712,516
RESERVES	26	3,076,762	2,725,499	2,279,983	2,263,682
		3,789,278	3,438,015	2,992,499	2,976,198
Less: COST OF TREASURY SHARES		(13,447)	(13,447)	(13,447)	(13,447)
SHAREHOLDERS' EQUITY		3,775,831	3,424,568	2,979,052	2,962,751
MINORITY INTERESTS		125,078	113,847	-	-
LONG TERM AND DEFERRED LIABILITIES					
Deferred tax liabilities	15	135,876	123,762	4,700	3,600
Provision for retirement benefits		13,429	12,854	9,259	8,026
Borrowings	23	18,938	17,660	-	-
Finance leases	24	367	469	-	-
		168,610	154,745	13,959	11,626
		4,069,519	3,693,160	2,993,011	2,974,377

The notes set out on pages 49 to 83 form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER, 2003

	Share Capital RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000	Exchange Fluctuation Reserve RM'000	General Reserve RM'000	Revenue Reserve RM'000	Treasury Shares RM'000	Total RM'000
At 1 October, 2001 as previously stated	712,516	1,150,482	53,345	6,685	860	14,337	1,350,181	(12,382)	3,276,024
Effect of adopting MASB 25	-	-	(3,600)	-	-	-	(45,833)	-	(49,433)
As restated	712,516	1,150,482	49,745	6,685	860	14,337	1,304,348	(12,382)	3,226,591
Share of reserves of associated companies	-	-	-	-	-	-	(22,236)	-	(22,236)
Arising from redemption of redeemable preference shares	-	-	-	3,700	-	-	(3,700)	-	-
Currency translation differences	-	-	-	-	42,883	-	-	-	42,883
Net gains/(losses) not recognised in the income statement	-	-	-	3,700	42,883	-	(25,936)	-	20,647
Shares buy back	-	-	-	-	-	-	-	(1,065)	(1,065)
Net profit for the year - restated	-	-	-	-	-	-	255,073	-	255,073
Dividends paid	-	-	-	-	-	-	(46,007)	-	(46,007)
- 2001 final	-	-	-	-	-	-	(46,007)	-	(46,007)
- 2002 interim	-	-	-	-	-	-	(30,671)	-	(30,671)
Transfer from revenue reserve to capital reserve	-	5,437	-	-	-	-	(5,437)	-	-
At 30 September, 2002 - restated	712,516	1,155,919	49,745	10,385	43,743	14,337	1,451,370	(13,447)	3,424,568
Share of reserves of associated companies	-	-	-	1,350	-	-	3,577	-	4,927
Currency translation differences	-	2	-	-	53,883	-	-	-	53,885
Net gains not recognised in the income statement	-	2	-	1,350	53,883	-	3,577	-	58,812
Net profit for the year	-	-	-	-	-	-	394,688	-	394,688
Dividends paid	-	-	-	-	-	-	(46,007)	-	(46,007)
- 2002 final	-	-	-	-	-	-	(46,007)	-	(46,007)
- 2002 special	-	-	-	-	-	-	(25,559)	-	(25,559)
- 2003 interim	-	-	-	-	-	-	(30,671)	-	(30,671)
Transfer from revenue reserve to capital reserve	-	2,334	-	-	-	-	(2,334)	-	-
At 30 September, 2003	712,516	1,158,255	49,745	11,735	97,626	14,337	1,745,064	(13,447)	3,775,831
	Note 25				Note 26				

STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

FOR THE YEAR ENDED 30 SEPTEMBER, 2003

	Share Capital RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000	Exchange Fluctuation Reserve RM'000	General Reserve RM'000	Revenue Reserve RM'000	Treasury Shares RM'000	Total RM'000
At 1 October, 2001 as previously stated	712,516	1,352,472	38,336	285	87,013	14,337	744,546	(12,382)	2,937,123
Effect of adopting MASB 25	-	-	(3,600)	-	-	-	-	-	(3,600)
As restated	712,516	1,352,472	34,736	285	87,013	14,337	744,546	(12,382)	2,933,523
Net gains not recognised in the income statement									
- Currency translation differences	-	-	-	-	873	-	-	-	873
Shares buy back	-	-	-	-	-	-	-	(1,065)	(1,065)
Net profit for the year	-	-	-	-	-	-	106,098	-	106,098
Dividends paid									
- 2001 final	-	-	-	-	-	-	(46,007)	-	(46,007)
- 2002 interim	-	-	-	-	-	-	(30,671)	-	(30,671)
Transfer from revenue reserve to capital reserve	-	3,020	-	-	-	-	(3,020)	-	-
At 30 September, 2002	712,516	1,355,492	34,736	285	87,886	14,337	770,946	(13,447)	2,962,751
Net gains not recognised in the income statement									
- Currency translation differences	-	-	-	-	1,676	-	-	-	1,676
Net profit for the year	-	-	-	-	-	-	116,862	-	116,862
Dividends paid									
- 2002 final	-	-	-	-	-	-	(46,007)	-	(46,007)
- 2002 special	-	-	-	-	-	-	(25,559)	-	(25,559)
- 2003 interim	-	-	-	-	-	-	(30,671)	-	(30,671)
Transfer from revenue reserve to capital reserve	-	1,155	-	-	-	-	(1,155)	-	-
At 30 September, 2003	712,516	1,356,647	34,736	285	89,562	14,337	784,416	(13,447)	2,979,052
	Note 25 ←				Note 26	→			

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER, 2003

	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	568,911	347,119
Adjustments for:		
Depreciation	96,999	88,640
Amortisation of leasehold land	2,433	2,230
Amortisation of intangible assets	1,151	1,091
Impairment of property, plant and equipment	1,710	-
Property, plant and equipment written off	12,860	418
Loss/(Gain) on disposal of property, plant and equipment	402	(5,836)
Surplus arising from government acquisition of land	(3,044)	(3,791)
Surplus arising from sale of land	(545)	-
(Surplus)/Deficit on sales of investments	(3,993)	3,503
Allowance for diminution in value of investments	4,043	-
Write back of allowance for diminution in value of investments	(6,315)	(4,635)
Gain on disposal of a subsidiary company	(1,236)	-
Goodwill written off	4,992	-
Retirement benefits provision	3,221	4,498
Interest expenses	5,615	4,832
Dividend income	(6,017)	(2,236)
Interest income	(15,630)	(13,145)
Exchange gain	(1,369)	(775)
Share of associated companies' results	(78,560)	(49,752)
Surplus on disposal of associated companies	-	(59)
Operating profit before working capital changes	585,628	372,102
Working capital changes:		
Inventories	(54,689)	(58,706)
Trade and other receivables	(36,250)	(61,471)
Trade and other payables	18,768	57,211
Cash generated from operations	513,457	309,136
Interest paid	(5,536)	(4,832)
Tax paid	(75,057)	(34,375)
Retirement benefits paid	(1,585)	(2,119)
Net cash generated from operating activities	431,279	267,810

consolidated cash flow statement for the year ended 30 september, 2003

	2003 RM'000	2002 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(148,934)	(237,426)
Plantation development expenditure	(29,637)	(35,387)
Property development expenditure	(15,486)	(5,152)
Purchase of a subsidiary, net of cash acquired (Note B)	(2,734)	(28,819)
Sale of a subsidiary, net of cash disposed (Note C)	114	-
Purchase of additional shares in a subsidiary company	-	(9,629)
Purchase of investments	(28,687)	(34,055)
Proceeds from sale of property, plant and equipment	2,035	12,147
Proceeds from disposal of associated companies	-	42,286
Compensation from government on land acquired	3,159	4,229
Proceeds from sale of land	581	-
Deposit refunded/(paid) for purchase of an associated company	960	(960)
Redemption of redeemable cumulative preference shares by an associated company	-	8,500
Proceeds from sale of investments	22,746	49,160
Repayment from an associated company	-	60
Payment of Real Property Gain Tax	(28)	-
Dividends received from associated companies	31,649	23,876
Dividends received from investments	3,232	1,638
Interest received	13,501	13,116
Net cash used in investing activities	<u>(147,529)</u>	<u>(196,416)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Term loans received	94,183	22,082
Repayment of term loans	(63,612)	(21,667)
Payment of finance leases	(260)	(184)
Dividends paid to shareholders of the Company	(102,237)	(76,678)
Dividends paid to minority shareholders	(4,846)	(6,238)
Return of capital to minority shareholders	(1,492)	(402)
Redemption of redeemable preference shares to minority shareholders	-	(5,946)
Share buy back	-	(1,065)
Net cash used in financing activities	<u>(78,264)</u>	<u>(90,098)</u>
Net increase/(decrease) in cash and cash equivalents	205,486	(18,704)
Cash and cash equivalents at beginning of year	376,476	402,240
Cash and cash equivalents at end of year	<u>581,962</u>	<u>383,536</u>
NOTES ON THE CONSOLIDATED CASH FLOW STATEMENT		
A. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash and bank balances	57,742	45,450
Deposits	548,803	364,236
Bank overdrafts	(24,583)	(26,150)
Cash and cash equivalents	<u>581,962</u>	<u>383,536</u>
Foreign exchange differences on opening balances	-	(7,060)
Cash and cash equivalents as restated	<u>581,962</u>	<u>376,476</u>

consolidated cash flow statement for the year ended 30 september, 2003

	2003 RM'000	2002 RM'000
B. ANALYSIS OF ACQUISITION OF A SUBSIDIARY COMPANY		
The fair values of assets and liabilities of a subsidiary acquired were as follows:		
Property, plant and equipment	2,998	-
Associated company	-	11,998
Current (liability)/assets	(2,504)	6
Net assets acquired	494	12,004
Goodwill on acquisition	2,240	16,821
Total purchase price	2,734	28,825
Less: Cash and bank balances	-	6
Cash flow on acquisition, net of cash acquired	2,734	28,819
C. ANALYSIS OF DISPOSAL OF A SUBSIDIARY COMPANY		
The assets and liability of a subsidiary disposed were as follows:		
Property, plant and equipment	494	-
Net current liability	(1,622)	-
Minority interest	(348)	-
Goodwill	873	-
	(603)	-
Gain on disposal	1,236	-
Total sale consideration	633	-
Less: Cash and bank balances	(519)	-
Cash flow on disposal, net of cash disposed	114	-

D. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment with an aggregate cost of RM149,061,000 (2002: RM237,907,000) of which RM127,000 (2002: RM481,000) was financed by means of finance leases.

CASH FLOW STATEMENT OF THE COMPANY

FOR THE YEAR ENDED 30 SEPTEMBER, 2003

	2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	152,126	121,938
Adjustments for:		
Depreciation	7,460	7,696
Amortisation of leasehold land	388	388
Property, plant and equipment written off	119	186
Gain on disposal of property, plant and equipment	(263)	(101)
Surplus arising from government acquisition of land	(609)	(3,020)
Surplus arising from sale of land	(545)	-
Retirement benefits provision	2,625	2,909
Gain in foreign exchange	(648)	(101)
Dividend income	(116,447)	(106,251)
Interest income	(4,436)	(6,976)
Operating profit before working capital changes	39,770	16,668
Working capital changes:		
Inventories	(366)	(3,775)
Trade and other receivables	7,998	(10,889)
Trade and other payables	8,057	5,082
Cash generated from operations	55,459	7,086
Tax paid	(7,670)	(4,023)
Retirement benefits paid	(1,392)	(2,020)
Net cash generated from operating activities	46,397	1,043
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,501)	(5,455)
Plantation development expenditure	-	(44)
Property, plant and equipment transferred to subsidiary companies	-	1
Purchase of a subsidiary company	-	(28,825)
Purchase of additional shares in a subsidiary company	-	(9,629)
Subscription of shares in subsidiary companies	(18,174)	(7,326)
Deposit refunded/(paid) for purchase of an associated company	960	(960)
Proceeds from sale of property, plant and equipment	308	133
Compensation from government on land acquired	725	3,318
Proceeds from sale of land	581	-
Loan to subsidiary companies	(7,093)	(119,834)
Repayment from an associated company	-	60
Payment of Real Property Gain Tax	(28)	-
Dividends received from subsidiary companies	64,690	128,152
Dividends received from associated companies	23,067	20,729
Dividends received from investments	159	286
Interest received	3,887	6,750
Net cash generated from/(used in) investing activities	60,581	(12,644)

cash flow statement of the company for the year ended 30 september, 2003

	2003 RM'000	2002 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to shareholders of the Company	(102,237)	(76,678)
Share buy back	-	(1,065)
Net cash used in financing activities	(102,237)	(77,743)
Net increase/(decrease) in cash and cash equivalents	4,741	(89,344)
Cash and cash equivalents at beginning of year	51,528	140,872
Cash and cash equivalents at end of year	56,269	51,528
Cash and cash equivalents consist of:		
Cash and bank balances	4,333	2,951
Deposits	51,936	48,577
	56,269	51,528

The notes set out on pages 49 to 83 form an integral part of, and should be read in conjunction with, these financial statements.

NOTES ON THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Summarised below are the more significant accounting policies of the Company and its subsidiaries. The accounting policies adopted are consistent with those adopted in previous years. During the current financial year, the Group and the Company adopted for the first time the following Malaysian Accounting Standards Board ("MASB") Standards:

- (a) MASB 23 - Impairment of Assets
- (b) MASB 24 - Financial Instruments: Disclosure and Presentation
- (c) MASB 25 - Income Taxes
- (d) MASB 27 - Borrowing Costs

Apart from the inclusion of the new policies and extended disclosures where required by these new standards, the effects of adopting of the above standards are disclosed in Note 34.

1.1 Basis of accounting

The financial statements of the Group and of the Company are prepared under the historical cost convention except as disclosed in the notes to the financial statements and in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia.

1.2 Basis of consolidation

Subsidiary companies are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiary companies are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed during the year are included in the Group financial statements from their respective effective dates of acquisitions or up to their respective date of disposal.

The consolidated income statement and consolidated balance sheet include the financial statements of the Company and all its subsidiary companies made up to the end of the financial year, except for a subsidiary company which is in members' voluntary liquidation. Inter-company transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from inter-company transactions are also eliminated unless cost cannot be recovered.

1.3 Goodwill

Goodwill arising on consolidation represents the difference between the acquisition cost of shares in the subsidiary companies and the fair value of attributable net assets acquired at the date of acquisition. Goodwill of the Group is stated at cost and is not amortised. Provision is made for any impairment.

Goodwill in the associated companies' own financial statements is capitalised and amortised on a straight line basis over its useful economic life, which is a maximum of twenty years. Provision is made for any impairment.

1.4 Associated companies

Associated companies are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies.

The consolidated financial statements include the total recognised gains and losses of associated companies on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associated companies which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associated companies. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

Goodwill on acquisition is calculated based on the fair value of net assets acquired.

notes on the financial statements

The Group's share of post-acquisition results and reserves of associated companies is included in the consolidated financial statements and is based on the latest audited and published interim reports in respect of listed companies and latest audited financial statements and unaudited management financial statements in respect of unlisted companies.

1.5 Property, plant and equipment

(a) Depreciation and amortisation

Property, plant and equipment are stated at cost or valuation less accumulated amortisation, depreciation and impairment losses. Property, plant and equipment are depreciated on a straight line basis over their estimated useful lives except for freehold land on which no depreciation is provided.

Surpluses arising from revaluation are dealt with in the revaluation reserve. On disposal of revalued properties, amounts in revaluation reserve relating to these properties are transferred to revenue reserve.

The principal depreciation rates are as follows:

Leasehold property	- Amortised by equal annual instalments over the remaining life of the lease ranging from 18 years to 926 years.
Palm oil mill machinery	- 10% per annum
Plant and machinery	- 5 to 33 1/3% per annum
Motor vehicles	- 20 to 33% per annum
Furniture, fittings and equipment	- 10 to 33 1/3% per annum
Buildings, factories and mills	- 2 to 10% per annum
Employees' quarters	- 10% per annum
Effluent ponds, roads and bridges	- 5 to 10% per annum

(b) New planting expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised under Plantation Development and is not amortised other than those short land leases held in Indonesia where the Plantation Development is amortised over the life of the lease.

(c) Replanting expenditure

Replanting expenditure is charged to the income statement in the year in which the expenditure is incurred.

(d) Disposal of property, plant and equipment

Profits or losses arising from the disposal of property, plant and equipment, determined as the difference between the sales proceeds and the carrying amount of the asset, are taken up in the income statement.

1.6 Leases

Property, plant and equipment acquired under finance lease agreement are capitalised and the corresponding capital element of the leasing commitments is shown as finance leases.

Leased assets are depreciated over the shorter of their expected useful lives and the term of the leases.

Lease payments are treated as consisting of capital and interest elements and the interest is allocated to accounting periods during the lease term using an approximation to the annuity basis.

Operating lease rentals are charged to the income statement on a straight line basis over the period of lease.

1.7 Property development

Property development comprising freehold land and development costs are stated at cost plus attributable profit less foreseeable losses, net of progress billings.

1.8 Intangible assets

These assets relate to trade marks which are stated at cost and amortised over the expected useful life of the assets commencing from financial year 2000. The Directors consider a period of 20 years to be the expected economic life of the trade marks.

notes on the financial statements

1.9 Inventories

Inventories of produce are valued at the lower of cost and net realisable value. Cost includes cost of materials, direct labour and an appropriate proportion of fixed and variable production overheads, where applicable, and is determined on a weighted average basis. Growing crops are valued at the cost of seed, fertiliser and sprays.

Livestock (sheep) is valued at net realisable value.

Stores and materials are valued at the lower of cost and net realisable value. Cost includes cost of purchase plus incidentals in bringing the inventories into store and is determined on a weighted average basis.

In arriving at net realisable value, due allowance is made for obsolescence.

1.10 Treatment of replanting cess

Replanting cess refundable is included in the financial statements in respect of the total eligible crop produced during the year.

1.11 Investments

(a) Investment income

Dividend income from subsidiaries and other investments are recognised when the rights to receive payment are established. Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

(b) Disposal of investments

Profits and losses arising from the disposal of investments held on a long term basis are included in the income statement.

(c) Value of investments

Investments in subsidiaries and associated companies are stated at cost in the Company, less impairment loss where applicable.

Other investments are stated at cost and unless the market value is lower than cost on a portfolio basis, an allowance is set aside for diminution in value.

(d) Investment property

For the freehold investment property at valuation of an overseas subsidiary company, no depreciation is provided. Such investment property is reviewed annually by the Directors and the aggregate surplus or deficit is transferred to revaluation reserve.

1.12 Impairment

The carrying amount of assets, other than inventories, assets arising from construction contracts, deferred tax assets and financial assets (other than investments in subsidiary companies, associated companies and joint ventures), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is charged to equity.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

notes on the financial statements

1.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not recognised for goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that at the time of the transaction affects neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1.14 Currency conversion

Transactions in foreign currencies are translated to Ringgit Malaysia at the rates of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet dates are translated to Ringgit Malaysia at the rates of exchange approximate to those at balance sheet date. Where forward exchange contracts have been arranged in respect of assets and liabilities, the contracted rates of exchange are used. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at rates of exchange ruling on the transaction dates.

All exchange differences are dealt with in the income statement except for long term assets which are dealt with in the "Exchange Fluctuation Reserve".

The assets and liabilities of foreign subsidiary companies are translated into Ringgit Malaysia at the rates of exchange approximate to those at balance sheet date. The results of the foreign subsidiary companies and associated companies are translated at the average rates of exchange for the year. Exchange differences arising from the translation of assets and liabilities at rates of exchange approximate to those at balance sheet date and results at average rates of exchange for the year, and the restatement of the opening net investments in foreign subsidiary companies and associated companies at rates of exchange approximate to those at balance sheet date are shown in the "Exchange Fluctuation Reserve".

The closing exchange rates of the main currencies in the Group used in the translation of foreign currency monetary assets and liabilities, and the financial statements of foreign operations are as follows:

		2003	2002
Pound Sterling	1 to	RM6.3296	RM5.9361
United States Dollar	1 to	RM3.8000	RM3.8000
Australian Dollar	1 to	RM2.5728	RM2.0663
Hong Kong Dollar	1 to	RM0.4901	RM0.4874
Chinese Renminbi	1 to	RM0.4590	RM0.4590
Indonesian Rupiah	100 to	RM0.0452	RM0.0422
Philippines Peso	1 to	RM0.0693	RM0.0725
Singapore Dollar	1 to	RM2.1946	RM2.1381
Euro	1 to	RM4.4031	RM3.7304

1.15 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with licensed financial institutions which are readily convertible to known amounts of cash and subject to insignificant risk of change in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

1.16 Receivables

Trade and other receivables are stated at cost less allowance for doubtful debts.

notes on the financial statements

1.17 Liabilities

Borrowings, trade and other payables are stated at cost.

1.18 Repurchase of shares

When shares are repurchased and held as treasury shares, the amount of the consideration paid, including directly attributable costs, is recognised at cost and set off against equity.

When shares are repurchased and cancelled, the nominal value of the shares repurchased is cancelled by a debit to share capital and an equivalent amount is transferred to capital redemption reserve. The consideration, including any acquisition cost and premium or discount arising from the shares repurchased, is adjusted to share premium or any other suitable reserve.

1.19 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice-versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

1.20 Retirement benefits

The Group and the Company provide for retirement benefits for eligible employees on an unfunded defined benefit basis in accordance with the terms of the unions' collective agreements. Full provision has been made for retirement benefits payable to all eligible employees who have completed their qualifying period of five years of service under the unions' collective agreements, based on their last drawn salaries, the length of service to-date and the rates set out in the said agreements. Should an employee leave after completing the qualifying period of service but before attaining the retirement age, the provision made for the employee is written back. No actuarial valuation has been conducted on the retirement benefits provision, as the amount is insignificant to the Group and the Company.

1.21 Derivative financial instruments

The Group uses forward foreign exchange contracts to hedge its exposure to foreign exchange risks arising from operational, financing and investment activities.

Derivative financial instruments (used for hedging purposes) are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

1.22 Revenue recognition

Revenue is recognised upon delivery of products and customer acceptance, if any, or upon completion of performance of services and net of discounts and returns.

Profit from property development is recognised using the percentage of completion method. Where foreseeable losses are anticipated, full provision for these losses is made in the financial statements.

In the case of the Group, revenue comprises sales to third parties only.

1.23 Research and development expenditure

All general research and development expenditure is charged to the income statement in the year in which the expenditure is incurred.

1.24 Finance cost

All interest and other cost incurred in connection with borrowings are expensed as incurred.

notes on the financial statements

2. REVENUE

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Sale of goods				
Palm products	1,351,493	924,021	306,101	214,536
Rubber	111,567	83,933	75,619	62,250
Manufacturing	1,268,506	856,515	-	-
Retailing	671,721	583,061	-	-
Property development	42,893	-	-	-
Others	4,020	5,013	2,475	2,022
	3,450,200	2,452,543	384,195	278,808
Rendering of services	1,684	1,147	-	-
Interest income	15,630	13,145	4,436	6,976
Dividend income (Note 6)	6,017	2,236	116,447	106,251
	3,473,531	2,469,071	505,078	392,035

3. OPERATING PROFIT

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue (Note 2)	3,473,531	2,469,071	505,078	392,035
Cost of sales	(2,364,615)	(1,635,730)	(276,431)	(212,139)
	1,108,916	833,341	228,647	179,896
Other operating income	23,510	30,382	3,267	4,638
Distribution costs	(246,946)	(216,497)	(3,891)	(3,729)
Administration expenses	(321,516)	(276,348)	(29,682)	(20,872)
Other operating expenses	(67,998)	(68,679)	(46,215)	(37,995)
Operating profit	495,966	302,199	152,126	121,938

- (a) Operating profit before taxation is arrived at after charging and (crediting) the following:

Directors' remuneration				
- fees provided	666	546	646	526
- other emoluments	3,065	2,962	2,609	2,505
- benefits-in-kind	73	13	73	13
Consultancy fee paid to a Director	284	-	284	-
Auditors' remuneration				
- Company auditors				
current year	405	348	75	70
under-provision in prior year	15	-	5	-
non-audit work	24	66	-	28
- other auditors				
current year	1,024	993	-	-
under-provision in prior year	1	3	-	-
Hire of plant and machinery	2,103	1,141	-	-
Rent on buildings	414	302	798	782
Operating lease rentals				
- land and buildings	86,492	82,082	-	-
- plant and machinery	2,308	1,866	-	-
Amortisation of leasehold land (Note 10)	2,433	2,230	388	388
Depreciation (Note 10)	96,999	88,640	7,460	7,696
Impairment of property, plant and equipment	1,710	-	-	-

notes on the financial statements

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Replanting expenditure	48,398	43,054	42,387	35,168
Property, plant and equipment written off	12,860	418	119	186
Allowance for doubtful debts	290	-	-	-
Bad debts written off	1,486	-	-	-
Allowance for diminution in value of investments	4,043	-	-	-
Research and development expenditure	5,522	1,937	3,166	1,937
Retirement benefits provision	3,221	4,498	2,625	2,909
Write down of inventories	15,225	4,283	-	-
Goodwill written off	4,992	-	-	-
Amortisation of intangible assets	1,151	1,091	-	-
Cost of warehouse closure	-	2,988	-	-
Loss/(Gain) on disposal of property, plant and equipment	402	(5,836)	(263)	(101)
Realised gain in foreign exchange	(6,181)	(300)	(648)	(101)
Rental income from land and buildings	(145)	(427)	-	-
Gain on disposal of a subsidiary company	(1,236)	-	-	-
Surplus arising from government acquisition of land	(3,044)	(3,791)	(609)	(3,020)
Surplus arising from sale of land	(545)	-	(545)	-
(Surplus)/Deficit on sales of investments	(3,993)	3,503	-	-
Surplus on disposal of associated companies	-	(59)	-	-
Write back of allowance for diminution in value of investments	(6,315)	(4,635)	-	-
Fire insurance compensation in respect of				
- property, plant and equipment	(11,972)	-	-	-
- business interruption and inventories	(12,848)	-	-	-
(b) Share of results of associated companies is arrived at after charging the following:				
Amortisation of goodwill	20,241	18,207	-	-

4. FINANCE COST

	Group	
	2003 RM'000	2002 RM'000
Term loan interest	2,295	2,009
Overdraft and other interest	3,320	2,823
	<u>5,615</u>	<u>4,832</u>

5. EMPLOYEE INFORMATION

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Staff cost	408,614	369,794	86,657	73,011

The total number of employees of the Group and of the Company (including Executive Directors) at the end of the year was 23,378 (2002: 22,297) and 7,388 (2002: 7,074) respectively.

notes on the financial statements

6. DIVIDEND INCOME

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Gross dividend income from other investments:				
Shares quoted in Malaysia	3,458	1,804	-	-
Shares quoted outside Malaysia	328	35	-	-
Unquoted shares	2,231	397	331	397
Dividends from unquoted subsidiary companies	-	-	89,847	82,197
Dividends from associated companies:				
Quoted outside Malaysia	-	-	25,657	22,901
Unquoted	-	-	612	756
	6,017	2,236	116,447	106,251

7. TAX EXPENSE

	Group		Company	
	2003 RM'000	2002 RM'000 (Restated)	2003 RM'000	2002 RM'000
Current tax expense:				
Malaysian taxation	76,254	38,996	31,400	36,000
Overseas taxation	17,689	890	2,764	2,340
	93,943	39,886	34,164	38,340
Deferred tax expense relating to origination and reversal of temporary differences	24,227	22,150	1,100	(22,500)
	118,170	62,036	35,264	15,840
Under/(Over) provision in respect of previous years:				
Malaysian taxation	6,707	(613)	-	-
Overseas taxation	28	91	-	-
	6,735	(522)	-	-
	124,905	61,514	35,264	15,840
Share of associated companies' taxation	31,579	19,154	-	-
	156,484	80,668	35,264	15,840
Reconciliation of effective tax rate:				
Profit before taxation	568,911	347,119	152,126	121,938
Taxation at Malaysian income tax rate of 28% (2002: 28%)	159,295	97,193	42,595	34,142
Effect of different tax rates in foreign jurisdictions	866	(1,123)	(5,730)	(4,122)
Expenses not deductible for tax purposes	10,103	11,280	303	1,077
Tax exempt income	(8,115)	(8,574)	(836)	(14,715)
Tax incentives	(12,330)	(7,397)	(1,068)	(542)
Deferred tax assets not recognised during the year	2,905	1,797	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(8,322)	(13,507)	-	-
Others	5,347	1,521	-	-
Under/(Over) provision in respect of previous years	6,735	(522)	-	-
Tax expense	156,484	80,668	35,264	15,840

notes on the financial statements

Subject to agreement by the Inland Revenue Board:

- (a) the Company has sufficient credit under Section 108 of the Income Tax Act, 1967 at 30 September, 2003, to frank the payment of net dividends of approximately RM304 million (2002: RM321 million) out of its distributable reserves without having to incur additional taxation; and
- (b) the Company has about RM513 million (2002: RM489 million) tax exempt profit available to be distributed as tax exempt dividends.

8. EARNINGS PER SHARE

The earnings per share is calculated by dividing the net profit for the year of RM394,688,000 (2002: RM255,073,000) for the Group and RM116,862,000 (2002: RM106,098,000) for the Company by the weighted average number of shares of the Company in issue during the year.

	Group and Company	
	2003	2002
Number of shares in issue at beginning of the year	709,977,128	710,177,128
Effect of shares repurchased in January 2002	-	(150,000)
Weighted average number of shares	709,977,128	710,027,128

9. DIVIDENDS

	Group and Company	
	2003	2002
	RM'000	RM'000
Dividend paid		
Interim 6 sen (2002: 6 sen) gross per share less 28% income tax	30,671	30,671
Dividend proposed		
Final 9 sen (2002: 9 sen) gross per share less 28% income tax	46,007	46,007
Special 10 sen (2002: 5 sen) gross per share less 28% income tax	51,118	25,559
	127,796	102,237

Dividends are paid on the number of outstanding shares in issue and fully paid of 709,977,128 (2002: 709,977,128).

The proposed final and special dividends have not been accounted for in the financial statements which is in compliance with MASB Standard 19, Events After Balance Sheet Date.

notes on the financial statements

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land RM'000	Leasehold Land RM'000	Plantation Development RM'000	Buildings RM'000	Plant and Machinery RM'000	Vehicles RM'000	Equipment, Fittings, Etc RM'000	Total RM'000
GROUP								
Cost or valuation								
At beginning of the year	283,699	267,116	1,064,327	337,383	811,300	103,584	87,440	2,954,849
Reclassification	-	(75,994)	-	76,787	186	126	(1,105)	-
Additions	1,263	6,350	31,407	41,963	51,198	16,261	32,026	180,468
Acquisition of subsidiary company	-	453	-	2,132	129	161	123	2,998
Disposal of subsidiary company	-	-	-	(2,937)	(1,057)	(146)	-	(4,140)
Disposals/Written off	(38)	-	(91)	(9,243)	(24,017)	(8,267)	(1,387)	(43,043)
Exchange adjustment	2,825	746	14,381	7,626	8,370	3,264	(1,307)	35,905
At end of the year	287,749	198,671	1,110,024	453,711	846,109	114,983	115,790	3,127,037
Accumulated depreciation and impairment losses								
At beginning of the year	-	57,951	13,584	177,565	407,443	80,683	34,039	771,265
Reclassification	-	(25,377)	-	25,377	-	-	-	-
Depreciation charge for the year	-	2,433	6,489	22,176	53,507	11,862	4,735	101,202
Impairment losses for the year	-	-	-	1,710	-	-	-	1,710
Disposal of subsidiary company	-	-	-	(2,874)	(747)	(25)	-	(3,646)
Disposals/Written off	-	-	-	(7,143)	(11,931)	(8,280)	(944)	(28,298)
Exchange adjustment	-	194	1,173	2,069	4,096	3,401	215	11,148
At end of the year	-	35,201	21,246	218,880	452,368	87,641	38,045	853,381
Net book value								
At 30 September, 2003	287,749	163,470	1,088,778	234,831	393,741	27,342	77,745	2,273,656
At 30 September, 2002	283,699	158,548	1,050,743	210,435	403,857	22,901	53,401	2,183,584
Depreciation charge for 2002	-	2,230	5,087	23,157	47,652	10,622	4,469	93,217
Property, plant and equipment are included at cost or valuation as follows:								
Cost	204,660	87,570	860,510	453,629	846,109	114,983	115,785	2,683,246
Valuation	83,089	111,101	249,514	82	-	-	5	443,791
	287,749	198,671	1,110,024	453,711	846,109	114,983	115,790	3,127,037

notes on the financial statements

	2003 RM'000	2002 RM'000
The net book value of leasehold land comprises:		
Long term	135,023	134,192
Short term	28,447	24,356
	<u>163,470</u>	<u>158,548</u>

Depreciation charge for the year is allocated as follows:

Income Statement (Note 3)	99,432	90,870
Plantation Development	1,770	2,347
	<u>101,202</u>	<u>93,217</u>

	Freehold Land RM'000	Long Term Leasehold Land RM'000	Plantation Development RM'000	Buildings RM'000	Plant and Machinery RM'000	Vehicles RM'000	Equipment, Fittings, Etc RM'000	Total RM'000
COMPANY								
Cost or valuation								
At beginning of the year	148,305	35,878	436,017	67,909	77,104	31,103	13,744	810,060
Additions	-	-	-	1,115	1,597	5,196	593	8,501
Transfers	-	-	-	(3)	(46)	41	-	(8)
Disposals/Written off	(36)	-	(90)	(230)	(810)	(1,557)	(163)	(2,886)
At end of the year	<u>148,269</u>	<u>35,878</u>	<u>435,927</u>	<u>68,791</u>	<u>77,845</u>	<u>34,783</u>	<u>14,174</u>	<u>815,667</u>

Accumulated depreciation

At beginning of the year	-	8,740	-	57,709	66,985	26,582	10,310	170,326
Depreciation charge for the year	-	388	-	1,730	1,957	2,982	791	7,848
Transfers	-	-	-	-	(5)	(3)	-	(8)
Disposals/Written off	-	-	-	(192)	(755)	(1,489)	(161)	(2,597)
At end of the year	<u>-</u>	<u>9,128</u>	<u>-</u>	<u>59,247</u>	<u>68,182</u>	<u>28,072</u>	<u>10,940</u>	<u>175,569</u>

Net book value

At 30 September, 2003	<u>148,269</u>	<u>26,750</u>	<u>435,927</u>	<u>9,544</u>	<u>9,663</u>	<u>6,711</u>	<u>3,234</u>	<u>640,098</u>
At 30 September, 2002	148,305	27,138	436,017	10,200	10,119	4,521	3,434	639,734
Depreciation charge for 2002	-	388	-	2,026	2,049	2,719	902	8,084

Property, plant and equipment are included at cost or valuation as follows:

Cost	75,527	-	237,870	68,791	77,845	34,783	14,174	508,990
Valuation	72,742	35,878	198,057	-	-	-	-	306,677
	<u>148,269</u>	<u>35,878</u>	<u>435,927</u>	<u>68,791</u>	<u>77,845</u>	<u>34,783</u>	<u>14,174</u>	<u>815,667</u>

notes on the financial statements

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Net book value of revalued assets, had these assets been carried at cost less accumulated depreciation:				
Freehold land	24,827	23,908	20,131	20,135
Long term leasehold land	25,391	25,682	6,133	6,223
Plantation development	93,056	93,056	76,924	76,924
	143,274	142,646	103,188	103,282

The net book value of the assets of a subsidiary company comprising vehicles and equipment held under finance leases amounted to RM430,000 (2002: RM487,000).

Freehold land, leasehold land and plantation development expenditure shown at Directors' valuation on 1 October, 1980 are based on an opinion of value, using the "Investment Method Approach", by a professional firm of Chartered Surveyors on 22 November, 1979. The leasehold land and plantation development belonging to a subsidiary company shown at Directors' valuation are based on an opinion of value, using the "continued use basis", by a firm of professional valuers on 14 July, 1980. The freehold land, leasehold land and plantation development belonging to certain subsidiary companies shown at Directors' valuation are based on an opinion of value, using "fair market value basis", by a firm of professional valuers on 10 June, 1981. The leasehold land and plantation development belonging to certain subsidiary companies acquired during the year ended 30 September, 1991 were revalued by the Directors in 1990 based on the comparison method. The freehold land belonging to an overseas subsidiary company was revalued by the Directors based on existing use and has been incorporated in the financial statements on 30 September, 1989. The building, equipment and fittings of a subsidiary company have been valued by the Directors on 28 February, 1966. Subsequent additions are shown at cost while deletions are at valuation or cost as appropriate. The revaluations were not intended to effect a change in the accounting policy to one of revaluation of property, plant and equipment. As allowed by the transitional provisions of Malaysian Accounting Standards Board, Approved Accounting Standard International Accounting Standard 16, Property, Plant and Equipment, these assets have continued to be stated on the basis of their valuations.

Certain freehold land and building of the Group with net book value amounting to RM45,358,000 (2002: RM41,598,000) are charged to banks as security for borrowings (Note 23).

The details of the properties of the Group are shown on pages 92 to 99.

11. PROPERTY DEVELOPMENT

	Group	
	2003 RM'000	2002 RM'000
Freehold land at cost	61,247	61,247
Development expenditure	43,147	13,507
Attributable profits	10,847	-
	115,241	74,754
Less: Progress billings	37,303	3,231
	77,938	71,523
Less: Current portion	23,286	2,717
Non-current portion	54,652	68,806

The portion of properties under development in respect of which significant development work has been undertaken and which is expected to be completed within the normal operating cycle of two to three years is considered as a current asset.

notes on the financial statements

12. SUBSIDIARY COMPANIES

	Company	
	2003 RM'000	2002 RM'000
Unquoted shares at cost	963,585	945,411

Details of the subsidiary companies are shown in Note 31.

Amounts owing by/to subsidiary companies are unsecured with no fixed terms of repayment and are non-interest bearing except for certain subsidiary companies, interests are charged at rates ranging from 3.6% to 10.0% (2002: 3.5% to 10.0%) per annum.

13. ASSOCIATED COMPANIES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Shares at cost				
In overseas quoted corporations	156,322	156,322	90,803	90,803
In unquoted corporations	39,893	39,833	3,872	3,872
	196,215	196,155	94,675	94,675
Post-acquisition reserves	300,805	271,533	-	-
	497,020	467,688	94,675	94,675
Market value of shares				
In overseas quoted corporations	581,260	464,325	534,520	429,801

	Group	
	2003 RM'000	2002 RM'000
Interest in associated companies represented by:		
Share of net assets other than goodwill	166,144	142,801
Share of goodwill in associated company's own consolidated financial statements	328,388	322,399
Goodwill on acquisition	2,488	2,488
	497,020	467,688

Details of the associated companies are shown in Note 31.

notes on the financial statements

14. OTHER INVESTMENTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Shares at cost				
In Malaysia quoted corporations	75,149	64,786	-	-
In overseas quoted corporations	6,653	6,662	-	-
In unquoted corporations	7,185	12,874	7,079	7,079
	<u>88,987</u>	<u>84,322</u>	<u>7,079</u>	<u>7,079</u>
Allowance for diminution in value	(10,470)	(18,198)	(6,427)	(6,427)
	<u>78,517</u>	<u>66,124</u>	<u>652</u>	<u>652</u>
Freehold investment property at valuation				
At beginning of the year	3,710	3,498	-	-
Exchange adjustment	246	212	-	-
At end of the year	<u>3,956</u>	<u>3,710</u>	<u>-</u>	<u>-</u>
	<u>82,473</u>	<u>69,834</u>	<u>652</u>	<u>652</u>
Market value of shares				
In quoted corporations	<u>92,091</u>	<u>65,830</u>	<u>-</u>	<u>-</u>

Freehold investment property is shown at Directors' valuation.

The net book value of the revalued freehold investment property, had this property been carried at cost, is RM7,260,000 (2002: RM6,809,000).

15. DEFERRED TAXATION

The amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2003 RM'000	2002 RM'000 (Restated)	2003 RM'000	2002 RM'000 (Restated)
Deferred tax liabilities	135,876	123,762	4,700	3,600
Deferred tax assets	(9,490)	(21,630)	-	-
	<u>126,386</u>	<u>102,132</u>	<u>4,700</u>	<u>3,600</u>

Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.

notes on the financial statements

The recognised deferred tax liabilities and deferred tax assets (before offsetting) are as follows:

	Group		Company	
	2003 RM'000	2002 RM'000 (Restated)	2003 RM'000	2002 RM'000 (Restated)
Property, plant and equipment				
Capital allowances	154,820	141,616	3,700	-
Revaluation	23,430	23,539	3,600	3,600
Receivables	17,523	23,486	-	-
Unutilised tax losses	(59,476)	(73,605)	-	-
Unabsorbed capital allowances	(2,267)	(10,908)	-	-
Provisions	(7,644)	(1,996)	(2,600)	-
	126,386	102,132	4,700	3,600

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2003 RM'000	2002 RM'000 (Restated)
Unabsorbed capital allowances	14,870	11,908
Unutilised tax losses	23,678	24,652
Deductible temporary differences	564	18
	39,112	36,578

The unutilised tax losses and deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

The Group has tax losses carried forward of RM236,092,000 (2002: RM287,527,000) which give rise to the recognised and unrecognised deferred tax assets in respect of unutilised tax losses above.

16. INTANGIBLE ASSETS

	Group	
	2003 RM'000	2002 RM'000
Cost		
At beginning of the year	22,148	21,106
Disposal	-	(309)
Exchange adjustment	1,481	1,351
At end of the year	23,629	22,148
Accumulated amortisation		
At beginning of the year	3,366	2,334
Current amortisation	1,151	1,091
Disposal	-	(309)
Exchange adjustment	275	250
At end of the year	4,792	3,366
Net book value	18,837	18,782

notes on the financial statements

17. INVENTORIES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
At cost:				
Inventories of produce	285,815	253,936	15,316	15,966
Growing crops	1,286	992	-	-
Stores and materials	170,499	145,381	6,166	5,150
	<u>457,600</u>	<u>400,309</u>	<u>21,482</u>	<u>21,116</u>
At net realisable value:				
Inventories of produce	15,430	23,518	-	-
Livestock	2,114	1,377	-	-
Stores and materials	2,989	-	-	-
	<u>478,133</u>	<u>425,204</u>	<u>21,482</u>	<u>21,116</u>

18. TRADE RECEIVABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade receivables	251,030	207,812	8,037	13,365
Allowance for doubtful debts	(394)	(111)	-	-
	<u>250,636</u>	<u>207,701</u>	<u>8,037</u>	<u>13,365</u>

The Group's normal trade credit term ranges from 5 to 120 days. Other credit terms are assessed and approved on a case-by-case basis.

19. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Other debtors	112,818	88,191	30,009	31,645
Allowance for doubtful debts	(1,660)	(1,651)	-	-
	<u>111,158</u>	<u>86,540</u>	<u>30,009</u>	<u>31,645</u>
Loan to directors	64	91	-	-
Prepayments	21,818	19,586	740	740
Refundable deposits	635	483	23	25
Tax recoverable	22,023	24,774	13,997	12,355
Deposit for purchase of land	13,647	-	-	-
	<u>169,345</u>	<u>131,474</u>	<u>44,769</u>	<u>44,765</u>

Loans of RM64,000 (2002: RM91,000), which bear interest rate of 4% (2002: 4%) per annum, granted to full-time directors of subsidiary companies are in accordance with the terms and conditions set out in the approved Housing Loan Scheme for all eligible employees of those subsidiary companies.

notes on the financial statements

20. CASH AND CASH EQUIVALENTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Deposits are placed with:				
Licensed banks	408,729	283,522	42,238	34,786
Licensed finance companies	140,074	80,714	9,698	13,791
	<u>548,803</u>	<u>364,236</u>	<u>51,936</u>	<u>48,577</u>
Cash and bank balances	57,742	45,450	4,333	2,951
	<u>606,545</u>	<u>409,686</u>	<u>56,269</u>	<u>51,528</u>

Included in the Group's cash and bank balances is RM4,255,000 (2002: Nil), the utilisation of which is subject to the Housing Developers (Housing Development Account) Regulations, 1991.

The effective interest rates of deposits at the balance sheet date were as follows:

	Group		Company	
	2003	2002	2003	2002
Licensed banks	0.10% to 4.05%	0.10% to 4.05%	2.30% to 4.00%	2.30% to 4.05%
Licensed finance companies	3.00% to 4.05%	3.20% to 4.05%	3.00% to 4.05%	2.80% to 4.05%

The maturities of deposits as at the end of the financial year were as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Within one year				
Licensed banks	408,729	283,522	42,238	34,786
Licensed finance companies	140,074	80,714	9,698	13,791
	<u>548,803</u>	<u>364,236</u>	<u>51,936</u>	<u>48,577</u>

21. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 days.

22. OTHER PAYABLES

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Other creditors	79,093	92,596	25,878	23,746
Accruals	74,631	60,482	13,660	8,549
	<u>153,724</u>	<u>153,078</u>	<u>39,538</u>	<u>32,295</u>

notes on the financial statements

23. BORROWINGS

	Group	
	2003 RM'000	2002 RM'000
Current		
Secured		
Bank overdrafts	21,356	23,198
Term loans	86,975	75,299
	<u>108,331</u>	<u>98,497</u>
Unsecured		
Bank overdrafts	3,227	2,952
Term loans	27,540	4,590
	<u>30,767</u>	<u>7,542</u>
	<u>139,098</u>	<u>106,039</u>
Non-Current		
Term loans (secured)	<u>18,938</u>	<u>17,660</u>

The term loans and bank overdrafts are secured on fixed and floating charges on the property, plant and equipment of certain overseas subsidiary companies with net book value amounting to RM45,358,000 (2002: RM41,598,000) and corporate guarantees of RM171.9 million (2002: RM153.2 million) issued by the Company. The bank overdraft facilities are renewable annually.

The interest rates applicable to term loans and bank overdrafts for the year ranged from 2.00% to 6.00% (2002: 2.00% to 8.35%) per annum.

	Group	
	2003 RM'000	2002 RM'000
Analysis of term loans repayment		
Within one year	114,515	79,889
From one to two years	3,260	855
From two to five years	8,703	9,872
More than five years	6,975	6,933
	<u>133,453</u>	<u>97,549</u>

24. FINANCE LEASES - GROUP

The maturity of obligations under finance leases is as follows:

	Payments RM'000	2003 Interest RM'000	Principal RM'000	Payments RM'000	2002 Interest RM'000	Principal RM'000
Within one year	298	38	260	208	18	190
In the second to fifth year	405	38	367	493	24	469
	<u>703</u>	<u>76</u>	<u>627</u>	<u>701</u>	<u>42</u>	<u>659</u>

Finance leases are subject to interest rates ranging from 8.2% to 14.0% (2002: 8.2% to 14.0%).

notes on the financial statements

25. SHARE CAPITAL

	Group and Company	
	2003	2002
	RM'000	RM'000
Shares of RM1 each:		
Authorised	1,000,000	1,000,000
Issued and fully paid	712,516	712,516

The shareholders of the Company granted the authority to the Directors to repurchase its own shares at the Annual General Meeting held on 30 January, 2002 and the mandate was subsequently renewed at the Extraordinary General Meeting held on 20 February, 2003. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the year ended 30 September, 2002, the Company repurchased a total of 200,000 of its issued shares from the open market for a total cost of RM1,065,000. The average cost paid for the shares repurchased was RM5.32 per share. The repurchase transactions were financed by internally generated funds. The repurchased shares are held as treasury shares and carried at cost in accordance with the requirement of Section 67A of the Companies Act, 1965.

Of the total 712,516,128 issued and fully paid shares, 2,539,000 (2002: 2,539,000) are held as treasury shares by the Company. As at 30 September, 2003, the number of outstanding shares in issue and fully paid is 709,977,128 (2002: 709,977,128).

26. RESERVES

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
		(Restated)		(Restated)
Non-distributable				
Capital reserve	74,362	74,362	-	-
Revaluation reserve	49,745	49,745	34,736	34,736
Exchange fluctuation reserve	97,626	43,743	89,562	87,886
Capital redemption reserve	11,735	10,385	285	285
Revenue reserve - cost of treasury shares	13,447	13,447	13,447	13,447
	246,915	191,682	138,030	136,354
Distributable				
Capital reserve	1,083,893	1,081,557	1,356,647	1,355,492
General reserve	14,337	14,337	14,337	14,337
Revenue reserve	1,731,617	1,437,923	770,969	757,499
	2,829,847	2,533,817	2,141,953	2,127,328
	3,076,762	2,725,499	2,279,983	2,263,682

Included under the non-distributable reserves is an amount of RM13,447,000 (2002: RM13,447,000) which was utilised for the purchase of the treasury shares and is considered as non-distributable.

Non-distributable capital reserve mainly comprises share of associated companies' capital reserve and distributable capital reserve comprises surpluses arising from disposals of quoted investments, properties and government acquisitions of land.

General reserve arose from redemption of debenture issued in 1975 and fully redeemed in 1980.

notes on the financial statements

27. RELATED PARTY TRANSACTIONS

- (a) The Company has a controlling related party relationship with all its subsidiary companies. Significant inter-company transactions of the Company are as follows:

	Company	
	2003 RM'000	2002 RM'000
Purchases from subsidiary companies		
Austerfield Corporation Sdn. Bhd.	1,366	-
Colville Holdings Sdn. Bhd.	1,824	1,250
Gunong Pertanian Sdn. Bhd.	4,618	3,136
KL-Kepong Country Homes Sdn. Bhd.	5,597	3,881
Kompleks Tanjong Malim Sdn. Bhd.	820	-
Uni-Agro Multi Plantations Sdn. Bhd.	8,848	6,034
Sales to subsidiary companies		
KL-Kepong Cocoa Products Sdn. Bhd.	2,471	2,014
KL-Kepong Edible Oils Sdn. Bhd.	93,612	99,085
KL-Kepong Rubber Products Sdn. Bhd.	-	76
Kulumpang Development Corporation Sdn. Berhad	8,005	8,242
Palm-Oleo Sdn. Bhd.	40,392	25,395
The Kuala Pertang Syndicate Limited	7,432	5,529
Interest received		
Bornion Estate Sdn. Bhd.	1,180	2,021
KLK Farms Pty Limited	621	496
Voray Holdings Limited	522	529
Management fees paid		
Taiko Plantations Sdn. Berhad	3,426	3,428
Rental paid		
Taiko Plantations Sdn. Berhad	780	780

- (b) Significant related party transactions

Set out below are the significant related party transactions in the normal course of business for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements). The related party transactions described below were carried out on terms and conditions not more materially different from those obtainable in transactions with unrelated parties.

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
(i) Transactions with associated companies				
Sale of goods				
Esterol Sdn. Bhd.	3,339	2,348	-	-
Purchase of goods				
Applied Agricultural Research Sdn. Bhd.	918	687	918	687
Service charges paid				
Applied Agricultural Research Sdn. Bhd.	1,525	1,475	550	542

notes on the financial statements

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
(ii) Transactions with companies in which certain Directors have interests				
Sales of goods				
Siam Taiko Marketing Co. Ltd.	2,017	-	-	-
Taiko Marketing Sdn. Bhd.	13,593	16,968	-	-
Purchase of goods				
Borneo Taiko Clay Sdn. Bhd.	780	-	-	-
Bukit Katho Estate Sdn. Bhd.	2,328	1,665	2,239	1,565
Kampar Rubber & Tin Company Sdn. Bhd.	6,471	4,508	6,347	4,450
Malay Rubber Plantations (Malaysia) Sdn. Bhd.	4,487	2,949	4,160	2,639
Malay-Sino Chemical Industries Sdn. Bhd.	8	5,994	-	-
Taiko Clay Marketing Sdn. Bhd.	1,360	1,255	-	-
Taiko Marketing Sdn. Bhd.	10,107	2,008	1,969	1,378
Wan Hin Plantations Sdn. Bhd.	1,498	970	-	-
Service charges paid				
Farming Management Services Pty Limited	195	165	-	-
Flight and transport charges paid				
Smooth Route Sdn. Bhd.	870	618	870	618
Manufacturing charges paid				
Malay Rubber Plantations (Malaysia) Sdn. Bhd.	626	639	456	460
Rental paid				
Zarib Komplex Sdn. Bhd.	-	249	-	-

- (c) Significant non-trade related party balances
Outstanding significant non-trade related party balances at 30 September are as follows:

	Company	
	2003	2002
	RM'000	RM'000
Amount owing by subsidiary companies		
Bornion Estate Sdn. Bhd.	10,286	24,689
Crabtree & Evelyn (Malaysia) Sdn. Bhd.	849	-
Fajar Palmkel Sdn. Berhad	23,144	17,171
Gocoa Sdn. Bhd.	8,437	-
Golden Peak Development Sdn. Bhd.	835	1,182
Golden Sphere Sdn. Bhd.	-	6,752
Golden Yield Sdn. Bhd.	9,189	-
Gunong Pertanian Sdn. Bhd.	8,849	9,927
Kalumpang Estates Sdn. Bhd.	-	903
KLK (Mauritius) International Ltd.	4,537	5,686
KLK Farms Pty Limited	5,146	4,133
KLK Overseas Investments Ltd.	292,846	285,236
KL-Kepong (Sabah) Sdn. Bhd.	62,102	86,542
KL-Kepong Cocoa Products Sdn. Bhd.	26,959	15,178
KL-Kepong Edible Oils Sdn. Bhd.	12,903	22,986

notes on the financial statements

	Company	
	2003 RM'000	2002 RM'000
KL-Kepong Industrial Holdings Sdn. Bhd.	220,656	247,615
KL-Kepong International Ltd.	8,075	8,070
KL-Kepong Property Holdings Sdn. Bhd.	392,449	342,219
KLKI Holdings Ltd.	8,319	7,846
Kulumpang Development Corporation Sdn. Berhad	20,826	54,544
Ladang Finari Sdn. Bhd.	14,841	-
Ladang Sumundu (Sabah) Sdn. Bhd.	8,556	11,249
Leluasa Untung Sdn. Bhd.	24,809	8,623
Masawit Plantation Sdn. Bhd.	8,520	-
Parit Perak Plantations Sdn. Bhd.	1,449	1,997
Richinstock Sawmill Sdn. Bhd.	5,967	8,954
Rubber Fibreboards Sdn. Bhd.	1,817	-
Sabah Cocoa Sdn. Bhd.	18,634	46,354
Selit Plantations (Sabah) Sdn. Bhd.	8,334	-
Standard Soap Company Limited	2,846	3,099
Susuki Sdn. Bhd.	18,835	18,835
Sy Kho Trading Plantation Sdn. Bhd.	13,163	5,469
Syarikat Swee Keong (Sabah) Sdn. Bhd.	12,407	-
Taiko Plantations Sdn. Berhad	20,108	6,187
The Shanghai Kelantan Rubber Estates (1925) Limited	43,509	38,149
Voray Holdings Limited	14,498	14,498
Amount owing to subsidiary companies	-	1,904
Gocoa Sdn. Bhd.	18,477	-
Golden Sphere Sdn. Bhd.	-	1,210
Golden Yield Sdn. Bhd.	1,104	1,203
KL-K Holiday Bungalows Sdn. Berhad	9,099	5,762
KL-Kepong Plantation Holdings Sdn. Bhd.	-	1,402
Ladang Finari Sdn. Bhd.	-	1,042
Masawit Plantation Sdn. Bhd.	1,625	1,787
Pinji Horticulture Sdn. Bhd.	47,267	33,116
Segar Usaha Sdn. Bhd.	-	1,529
Selit Plantations (Sabah) Sdn. Bhd.	1,149	12,424
Sri Kunak Plantation Sdn. Bhd.	-	3,162
Syarikat Swee Keong (Sabah) Sdn. Bhd.	48,046	39,840
The Kuala Pertang Syndicate Limited	-	-

28. COMMITMENTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Capital				
Property, plant and equipment	185,558	9,333	147	-
Contracts placed but not completed at 30 September				733
Capital expenditure approved by the Board but not contracted for at 30 September	6,315	25,183	211	733
	<u>191,873</u>	<u>34,516</u>	<u>358</u>	<u>733</u>

notes on the financial statements

29. LEASE COMMITMENTS

	Group	
	2003 RM'000	2002 RM'000
Commitments under non-cancellable operating leases:		
Expiring within one year	10,225	9,163
Expiring between two to five years	31,274	19,824
Expiring after five years	41,769	37,083
	<u>83,268</u>	<u>66,070</u>

The majority of the overseas subsidiary companies' leases of land and buildings are subject to rent review periods ranging between one and five years.

30. CONTINGENT LIABILITY - UNSECURED

The Company has an unsecured contingent liability of RM171.9 million (2002: RM153.2 million) in respect of corporate guarantees given to certain banks for credit facilities utilised by certain subsidiary companies at 30 September, 2003.

notes on the financial statements

31. SUBSIDIARY AND ASSOCIATED COMPANIES

(a) The names of subsidiary and associated companies are detailed below:

Subsidiary Companies	Country Of Incorporation	Principal Country Of Operation	Group's Percentage Interest		Principal Activities
			2003	2002	
PLANTATIONS					
PENINSULAR MALAYSIA					
Gunong Pertanian Sdn. Bhd.	Malaysia	Malaysia	100	100	Plantation
K. H. Syndicate Limited #	England	Malaysia	100	100	Plantation
The Kuala Pertang Syndicate Limited #	England	Malaysia	100	100	Plantation
The Shanghai Kelantan Rubber Estates (1925) Limited †	Hong Kong	Malaysia	100	100	Plantation
Uni-Agro Multi Plantations Sdn. Bhd.	Malaysia	Malaysia	51	51	Plantation
KL-Kepong Edible Oils Sdn. Bhd.	Malaysia	Malaysia	100	100	Refining of palm products
KL-Kepong Plantation Holdings Sdn. Bhd.	Malaysia	Malaysia	100	100	Investment holding
Taiko Plantations Sdn. Berhad †	Malaysia	Malaysia	100	100	Management of plantations
SABAH					
Axe Why Zed Sdn. Bhd. †	Malaysia	Malaysia	100	100	Plantation
Bandar Merchants Sdn. Bhd. †	Malaysia	Malaysia	100	100	Plantation
Bornion Estate Sdn. Bhd. †	Malaysia	Malaysia	63	63	Plantation
Gocoa Sdn. Bhd.	Malaysia	Malaysia	100	100	Plantation
Golden Peak Development Sdn. Bhd.	Malaysia	Malaysia	100	100	Plantation
Golden Sphere Sdn. Bhd. †	Malaysia	Malaysia	100	100	Plantation
Golden Yield Sdn. Bhd.	Malaysia	Malaysia	100	100	Plantation
Kalumpang Estates Sdn. Berhad	Malaysia	Malaysia	100	100	Plantation
Kulumpang Development Corporation Sdn. Berhad	Malaysia	Malaysia	100	100	Plantation
Ladang Finari Sdn. Bhd.	Malaysia	Malaysia	100	100	Plantation
Ladang Sumundu (Sabah) Sdn. Berhad	Malaysia	Malaysia	100	100	Plantation
Masawit Plantation Sdn. Bhd.	Malaysia	Malaysia	100	100	Plantation
Parit Perak Plantations Sdn. Bhd.	Malaysia	Malaysia	100	100	Plantation
Pinji Horticulture Sdn. Bhd.	Malaysia	Malaysia	100	100	Plantation
Richinstock Sawmill Sdn. Bhd. †	Malaysia	Malaysia	100	100	Plantation
Sabah Cocoa Sdn. Bhd. †	Malaysia	Malaysia	100	100	Plantation
Segar Usaha Sdn. Bhd. †	Malaysia	Malaysia	100	100	Plantation
Selit Plantations (Sabah) Sdn. Bhd.	Malaysia	Malaysia	100	100	Plantation
Sri Kunak Plantation Sdn. Berhad	Malaysia	Malaysia	100	100	Plantation
Sunshine Plantation Sdn. Bhd.	Malaysia	Malaysia	100	100	Plantation
Sy Kho Trading Plantation Sdn. Bhd.	Malaysia	Malaysia	100	100	Plantation
Syarikat Budibumi Sdn. Bhd. †	Malaysia	Malaysia	100	100	Plantation
Syarikat Swee Keong (Sabah) Sdn. Bhd.	Malaysia	Malaysia	100	100	Plantation

notes on the financial statements

Subsidiary Companies	Country Of Incorporation	Principal Country Of Operation	Group's Percentage Interest		Principal Activities
			2003	2002	
PLANTATIONS					
SABAH					
Fajar Palmkel Sdn. Berhad	Malaysia	Malaysia	100	100	Kernel crushing
KL-Kepong (Sabah) Sdn. Bhd.	Malaysia	Malaysia	100	100	Milling and refining of palm products
Sabah Holdings Corporation Sdn. Bhd. †	Malaysia	Malaysia	70	70	Investment holding
Susuki Sdn. Bhd. †	Malaysia	Malaysia	100	100	Investment holding
Leluasa Untung Sdn. Bhd.	Malaysia	Malaysia	100	100	Dormant
INDONESIA					
P.T. ADEI Plantation and Industry †	Indonesia *	Indonesia	95	95	Plantation
P.T. Steelindo Wahana Perkasa †	Indonesia *	Indonesia	95	95	Plantation
P.T. Parit Sembada †	Indonesia *	Indonesia	95	-	Plantation
P.T. KLK Agriservindo †	Indonesia *	Indonesia	100	100	Management of plantations
P.T. Kreasijaya Adhikarya †	Indonesia *	Indonesia	95	95	Dormant
REPUBLIC OF MAURITIUS					
KLK (Mauritius) International Ltd #	Republic of Mauritius	Republic of Mauritius	100	100	Investment holding
Verdant Plantations Ltd #	Republic of Mauritius	Republic of Mauritius	100	100	Investment holding
MANUFACTURING					
OLEOCHEMICALS					
Palm-Oleo Sdn. Bhd.	Malaysia	Malaysia	80	80	Manufacturing of oleochemicals
KSP Manufacturing Sdn. Bhd.	Malaysia	Malaysia	96	96	Manufacturing of soap noodles
Palmamide Sdn. Bhd.	Malaysia	Malaysia	88	88	Manufacturing of industrial amides
KL-Kepong Oleomas Sdn. Bhd. (formerly known as Elvissa Corporation Sdn. Bhd.)	Malaysia	Malaysia	100	-	Warehousing and manufacturing
Jasachem Sdn. Bhd.	Malaysia	Malaysia	100	100	Investment holding
KL-Kepong Industrial Holdings Sdn. Bhd.	Malaysia	Malaysia	100	100	Investment holding
KLK Premier Capital Limited ††	British Virgin Islands	British Virgin Islands	100	-	Investment holding
COCOA PRODUCTS					
KL-Kepong Cocoa Products Sdn. Bhd.	Malaysia	Malaysia	100	100	Manufacturing of cocoa products
Selbourne Food Services Sdn. Bhd. (formerly known as Wigan Corporation Sdn. Bhd.)	Malaysia	Malaysia	100	-	Manufacturing, packaging and distribution of chocolate products

notes on the financial statements

Subsidiary Companies	Country Of Incorporation	Principal Country Of Operation	Group's Percentage Interest		Principal Activities
			2003	2002	
MANUFACTURING					
GLOVE PRODUCTS					
KL-Kepong Rubber Products Sdn. Bhd. †	Malaysia	Malaysia	100	100	Manufacturing of latex examination gloves
Masif Latex Products Sdn. Bhd. †	Malaysia	Malaysia	100	100	Manufacturing of household latex gloves
PARQUET FLOORING					
B.K.B. Hevea Products Sdn. Bhd. †	Malaysia	Malaysia	100	100	Manufacturing of parquet flooring products
B.K.B. Flooring Sdn. Bhd. †	Malaysia	Malaysia	100	100	Marketing of parquet flooring products
B.K.B. Europa SARL †	France	France	100	-	Marketing of wood based products
SOAP					
KLK Overseas Investments Limited ††	British Virgin Islands	British Virgin Islands	100	100	Investment holding
Standard Soap Company Limited #	England	England	100	100	Manufacturing of toiletries
Beauty Basics Limited #	England	England	100	100	Dormant
De Muth Limited #	England	England	100	100	Dormant
KLK Cosmetics Limited #	England	England	100	100	Dormant
Personality Beauty Products Limited #	England	England	100	100	Dormant
Premier Soap Company Limited #	England	England	100	100	Dormant
Zenithpeak Limited #	England	England	100	100	Dormant
OIL REFINING & BULKING					
Hubei Zhong Chang Vegetable Oil Company Limited †	People's Republic of China	People's Republic of China	33	33	Edible oil refining
Tianjin Voray Bulking Installation Co. Ltd. †	People's Republic of China	People's Republic of China	37	37	Bulking installation
Voray Holdings Limited †	Hong Kong	Malaysia	55	55	Investment holding
RETAILING					
Crabtree & Evelyn Holdings Limited †	England	England	100	100	Investment holding
Crabtree & Evelyn (Overseas) Limited †	England	England	100	100	Distribution of toiletries
Crabtree & Evelyn Shop Limited †	England	England	100	100	Manufacturing of jams
Crabtree & Evelyn Trading Limited †	England	England	100	100	Manufacturing of toiletries
Premier Procurement Limited †	England	England	100	100	Investment holding
Quillspur Limited †	England	England	100	100	Investment holding
Windham Toiletries Limited †	England	England	100	100	Inactive
Crabtree & Evelyn London Limited †	England	England	100	100	Dormant
Scarborough and Company Limited †	England	England	100	100	Dormant
Crabtree & Evelyn Austria GmbH †	Austria	Austria	100	100	Retailing of toiletries
Crabtree & Evelyn Deutschland GmbH †	Germany	Germany	100	100	Retailing and distribution of toiletries

notes on the financial statements

Subsidiary Companies	Country Of Incorporation	Principal Country Of Operation	Group's Percentage Interest		Principal Activities
			2003	2002	
RETAILING					
Crabtree & Evelyn Europe B.V. †	Netherlands	Netherlands	100	100	Investment holding
Crabtree & Evelyn Industrie S.A. †	France	France	100	100	Inactive
Crabtree & Evelyn London S.A. †	France	France	100	100	Retailing of toiletries
Crabtree & Evelyn Ltd. †	United States of America	United States of America	100	100	Retailing and distribution of toiletries
Windham Manufacturing Limited †	United States of America	United States of America	100	100	Manufacturing of toiletries
C&E Canada, Inc. †	Canada	Canada	100	100	Retailing and distribution of toiletries
Ecemex S.A. DE C.V. †	Mexico	Mexico	-	61	Retailing and distribution of toiletries
Crabtree & Evelyn Australia Pty. Limited †	Australia	Australia	100	100	Distribution of toiletries
Crabtree & Evelyn (Hong Kong) Limited †	Hong Kong	Hong Kong	100	100	Retailing and distribution of toiletries
CE Holdings Limited †	British Virgin Islands	British Virgin Islands	100	100	Investment holding
Crabtree & Evelyn Philippines, Inc. †	Philippines	Philippines	100	70	Retailing and distribution of toiletries
Crabtree & Evelyn (Singapore) Pte. Ltd. †	Singapore	Singapore	100	100	Retailing and distribution of toiletries
Acc-Enhance Sdn. Bhd.	Malaysia	Malaysia	100	100	General trading
Crabtree & Evelyn (Malaysia) Sdn. Bhd.	Malaysia	Malaysia	100	100	Retailing of toiletries
PROPERTIES					
Austerfield Corporation Sdn. Bhd.	Malaysia	Malaysia	100	100	Investment holding
Betatechnic Sdn. Bhd.	Malaysia	Malaysia	100	100	Property development
Brecon Holdings Sdn. Bhd.	Malaysia	Malaysia	100	-	Renting out of storage and office space
Colville Holdings Sdn. Bhd.	Malaysia	Malaysia	100	100	Property development
KL-K Holiday Bungalows Sdn. Berhad	Malaysia	Malaysia	100	100	Operating holiday bungalows
KL-Kepong Complex Sdn. Bhd.	Malaysia	Malaysia	100	100	Property development
KL-Kepong Country Homes Sdn. Bhd.	Malaysia	Malaysia	100	100	Property development
KL-Kepong Property Development Sdn. Bhd.	Malaysia	Malaysia	100	100	Property development
KL-Kepong Property Management Sdn. Bhd.	Malaysia	Malaysia	100	100	Property management
KL-Kepong Property Holdings Sdn. Bhd.	Malaysia	Malaysia	100	100	Investment holding
Kompleks Tanjong Malim Sdn. Bhd.	Malaysia	Malaysia	80	80	Property development
Palermo Corporation Sdn. Bhd.	Malaysia	Malaysia	100	100	Property development

notes on the financial statements

Subsidiary Companies	Country Of Incorporation	Principal Country Of Operation	Group's Percentage Interest		Principal Activities
			2003	2002	
INVESTMENT HOLDING					
Ablington Holdings Sdn. Bhd.	Malaysia	Malaysia	100	100	Investment holding
KL-Kepong Equity Holdings Sdn. Bhd.	Malaysia	Malaysia	100	100	Investment holding
Ortona Enterprise Sdn. Bhd.	Malaysia	Malaysia	100	100	Money lending
Quarry Lane Sdn. Bhd.	Malaysia	Malaysia	100	100	Investment holding
KL-Kepong International Ltd. ††	Cayman Islands	Cayman Islands	100	100	Investment holding
KLKI Holdings Limited #	England	England	100	100	Investment holding
Kuala Lumpur-Kepong Investments Limited #	England	Malaysia	100	100	Investment holding
OTHERS					
Kepong Plantations Berhad †	Malaysia	Malaysia	100	100	In members' voluntary liquidation
KLK Farms Pty. Limited #	Australia	Australia	100	100	Cereal and sheep farming
KLK Assurance (Labuan) Limited †	Malaysia	Malaysia	100	100	Offshore captive insurance
Rubber Fibreboards Sdn. Bhd.	Malaysia	Malaysia	100	100	Dormant

† Companies not audited by KPMG # Companies audited by overseas firms of KPMG †† Companies reviewed by KPMG

* These subsidiary companies operate in Indonesia, a country which has sought assistance from the International Monetary Fund. Owing to the locality of the operations, these companies are not affected by the current economic conditions in Indonesia. It is the Group's policy to provide financial support to ensure that the plantation development is carried out as planned.

Associated Companies	Country Of Incorporation	Group's Percentage Interest		Principal Activities
		2003	2002	
Applied Agricultural Research Sdn. Bhd.	Malaysia	50.0	50.0	Agronomic service and research
Beijing King Voray Edible Oil Co. Ltd	People's Republic of China	13.8	13.8	Edible oil refining
Esterol Sdn. Bhd.	Malaysia	50.0	50.0	Manufacturing of food esters
Kumpulan Sierramas (M) Sdn. Bhd.	Malaysia	33.0	33.0	Property development
Malaysia Pakistan Venture Sdn. Bhd.	Malaysia	25.0	25.0	Investment holding
Pearl River Tyre (Holdings) Limited	Australia	30.5	30.5	Investment holding and manufacturing of tyres
P.T. Sekarbumi Alamlestari	Indonesia	48.0	48.0	Plantation
Tawau Bulking Installation Sdn. Bhd.	Malaysia	49.0	49.0	Bulking installation
Yule Catto & Co. plc	England	21.7	21.7	Manufacturing and distribution of speciality and fine chemicals

notes on the financial statements

(b) Acquisition of subsidiary company

On 24 January, 2003, the Group acquired 95% equity interest in P.T. Parit Sembada for a total consideration of RM2,734,000 satisfied by cash. The acquisition was accounted for using the acquisition method of accounting. In the post acquisition period to 30 September, 2003, this subsidiary company contributed a net loss of RM21,000 to the consolidated net profit for the year.

The effect of the acquisition on the Group's financial position as at 30 September, 2003 is as follows:

	Group 2003 RM'000
Property, plant and equipment	3,745
Current assets	261
Current liabilities	(4,057)
Group's share of net assets	(51)
Less: Net assets at date of acquisition	494
Decrease in Group's net assets	<u>(545)</u>

(c) Disposal of subsidiary company

On 15 August, 2003, the Group disposed of Ecemex S.A. DE C.V. for RM633,000. Ecemex S.A. DE C.V. contributed a net loss of RM3,032,000 to the consolidated net profit for the year ended 30 September, 2002 and a net loss of RM621,000 for the 10½ months ended 15 August, 2003.

32. SEGMENT INFORMATION – GROUP

Segment information is presented in respect of the Group's business segment. Inter-segment pricing is determined based on current market prices. The main business segments of the Group comprise the following:

Plantation	Cultivation and processing of palm and rubber products and refining of palm products
Manufacturing	Manufacture of oleochemicals, soap noodles, industrial amide, cocoa products, rubber gloves and parquet flooring products
Retailing	Retailing and distribution of toiletries
Property development	Development of residential and commercial properties
Investment holding	Deposits, investment in quoted and unquoted corporations and freehold investment property
Others	Cereal and sheep farming, management services and money lending

The accounting policies of the segments are consistent with the accounting policies of the Group.

notes on the financial statements

(a) Business segment

	Plantation RM'000	Manufacturing RM'000	Retailing RM'000	Property Development RM'000	Investment Holding RM'000	Others RM'000	Elimination RM'000	Consolidate RM'000
2003								
Revenue								
Sale to external customers	1,463,060	1,268,506	671,721	42,893	21,647	5,704	-	3,473,531
Inter-segment sales	48,513	17,058	353	-	141,553	10,484	(217,961)	-
Total revenue	1,511,573	1,285,564	672,074	42,893	163,200	16,188	(217,961)	3,473,531
Results								
Segment result	356,575	98,038	18,831	8,759	21,647	483	-	504,333
Unallocated corporate expenses								(8,367)
Operating profit								495,966
Finance cost	-	(1,630)	(3,891)	-	-	(94)	-	(5,615)
Share of results of associated companies	3,429	71,777	-	3,354	-	-	-	78,560
Profit before taxation								568,911
Tax expense								(156,484)
Profit after taxation								412,427
Minority interests								(17,739)
Net profit for the year								394,688
Assets								
Segment assets	1,950,920	738,850	461,942	152,389	639,969	51,839	-	3,995,909
Associated companies	19,164	456,609	-	21,247	-	-	-	497,020
Unallocated assets								31,513
Total assets								4,524,442
Liabilities								
Segment liabilities	125,106	119,288	191,725	7,811	199	5,331	-	449,460
Unallocated liabilities								174,073
Total liabilities								623,533
Other information								
Capital expenditure	92,986	37,524	31,458	1,578	20	16,902	-	180,468
Depreciation	44,100	32,559	19,538	77	25	700	-	96,999
Amortisation of leasehold land	2,056	276	-	-	29	72	-	2,433
Non-cash expenses								
Property, plant and equipment written off	888	11,972	-	-	-	-	-	12,860
Retirement benefits provision	3,081	-	-	-	-	140	-	3,221
Bad debts written off	-	-	1,486	-	-	-	-	1,486
Write down of inventories	714	14,511	-	-	-	-	-	15,225
Amortisation of intangible assets	-	-	1,151	-	-	-	-	1,151
Impairment of property, plant and equipment	-	-	1,710	-	-	-	-	1,710

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	Plantation RM'000	Manufacturing RM'000	Retailing RM'000	Property Development RM'000	Investment Holding RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000 (Restated)
2002								
Revenue								
Sale to external customers	1,007,954	856,515	583,061	-	15,381	6,160	-	2,469,071
Inter-segment sales	27,309	11,525	-	-	1,215	7,233	(47,282)	-
Total revenue	1,035,263	868,040	583,061	-	16,596	13,393	(47,282)	2,469,071
Results								
Segment result	206,223	71,401	15,806	-	16,087	(2,092)	-	307,425
Unallocated corporate expenses								(5,226)
Operating profit								302,199
Finance cost	-	(981)	(3,469)	-	-	(382)	-	(4,832)
Share of results of associated companies	1,908	51,695	-	(3,851)	-	-	-	49,752
Profit before taxation								347,119
Tax expense								(80,668)
Profit after taxation								266,451
Minority interests								(11,378)
Net profit for the year								255,073
Assets								
Segment assets	1,900,987	655,804	425,413	120,701	423,097	31,014	-	3,557,016
Associated companies	17,094	431,726	-	18,868	-	-	-	467,688
Unallocated assets								46,404
Total assets								4,071,108
Liabilities								
Segment liabilities	100,734	96,458	192,467	1,713	128	5,205	-	396,705
Unallocated liabilities								135,988
Total liabilities								532,693
Other information								
Capital expenditure	83,752	78,748	60,055	46,245	881	5,960	-	275,641
Depreciation	38,498	28,553	20,959	129	25	476	-	88,640
Amortisation of leasehold land	1,838	278	-	-	42	72	-	2,230
Non-cash expenses								
Property, plant and equipment written off	234	184	-	-	-	-	-	418
Retirement benefits provision	4,369	-	-	-	-	129	-	4,498
Deficit on sales of investments	-	-	-	-	3,503	-	-	3,503
Write down of inventories	65	4,218	-	-	-	-	-	4,283
Amortisation of intangible assets	-	-	1,091	-	-	-	-	1,091

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(b) Revenue from external customers by geographical location of customers

	2003 RM'000	2002 RM'000
Malaysia	1,145,340	486,795
Far East	611,703	414,170
Middle East	34,567	31,952
South East Asia	376,846	332,827
Southern Asia	192,954	132,748
Europe	829,019	432,853
North America	132,413	482,602
South America	12,672	9,714
Australia	101,034	98,559
Africa	27,039	25,040
Others	9,944	21,811
	3,473,531	2,469,071

(c) Segment assets and additions to capital expenditure by geographical location of assets

	Segment Assets		Additions to Capital Expenditure	
	2003 RM'000	2002 RM'000 (Restated)	2003 RM'000	2002 RM'000
Malaysia	2,946,177	2,663,616	74,630	146,448
Australia	49,414	36,409	2,506	1,427
People's Republic of China	175,757	159,383	1,041	6,667
Europe	635,374	590,915	13,813	20,655
America	218,630	209,200	14,602	31,669
Indonesia	416,376	343,169	72,116	65,756
Others	82,714	68,416	1,760	3,019
	4,524,442	4,071,108	180,468	275,641

33. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to optimise the value creation for shareholders and ensuring that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate, foreign exchange, liquidity, credit and price fluctuation risks. The Group operates within clearly defined guidelines and it is the Group's policy not to engage in speculative transactions.

The main areas of financial risks faced by the Group are as follows:

(i) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates to fixed deposits and cash equivalents with financial institutions and bank borrowings. Short term borrowings are utilised for working capital purposes while long term loans are taken for capital expenditure.

(ii) Foreign exchange risk

The Group operates internationally and is exposed to various currencies, mainly, Indonesian Rupiah, United States Dollar and Pound Sterling. The Group maintains a natural hedge by borrowing in the currency where the business unit operates. Foreign exchange exposures are hedged through forward foreign exchange contracts.

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(iii) Liquidity risk

The Group maintains sufficient levels of cash or cash equivalents and adequate amounts of credit facilities to meet its working capital requirements. In addition, the Group strives to maintain flexibility in funding by keeping its credit lines available at a reasonable level. As far as possible, the Group raises funding from financial institutions and prudently balances its portfolio with some short and long term funding so as to achieve overall cost effectiveness.

(iv) Credit risk

Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit worthiness review is regularly performed for new customers and existing customers who trade on credit, to mitigate exposure on credit risk. Where appropriate, the Group requires its customers to provide collateral before approvals are given to trade on credit.

The Group does not have any significant exposure to any individual customer or counterparty, nor does it have any major concentration of credit risk related to any financial instruments.

(v) Price fluctuation risk

The Group is exposed to price fluctuation risk on commodities mainly of palm oil and rubber. The Group mitigates its risk to the price volatility through hedging in the futures market and where deemed prudent, selling forward in the physical market.

(b) Fair values

(i) Recognised financial instruments

In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate fair values due to the relatively short term nature of these financial instruments.

The aggregate fair values of other financial assets and liabilities carried on the balance sheet as at 30 September are shown below:

		2003		2002	
	Note	Carrying Amount RM'000	Fair Value RM'000	Carrying Amount RM'000	Fair Value RM'000
Group					
Financial assets					
Other investments					
Quoted corporations	14	77,759	92,091	65,133	65,830
Unquoted corporations	14	758	*	991	*
Financial liabilities					
Term loans (non-current)					
Secured	23	18,938	**	17,660	**
Company					
Financial assets					
Other investments					
Unquoted corporations	14	652	*	652	*

The fair value of quoted shares is their quoted bid price at the balance sheet date.

* It is not practical to estimate the fair value of the Group's and Company's investments in unquoted corporations because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

** It is not practical to estimate the fair value of the non-current portion of the term loans due to the fluctuation of interest rates and foreign exchange.

(ii) Unrecognised financial instruments

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

notes on the financial statements

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 30 September, 2003 are:

	Contracted Amount RM'000	Fair Value RM'000	Within One Year RM'000	In The Second To Fifth Year RM'000
Group				
Commodity future contracts	8,201	9,673	8,201	-
Forward foreign exchange contracts	569,776	569,234	521,126	48,641
Company				
Forward foreign exchange contracts	66,888	66,416	66,888	-

34. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEAR ADJUSTMENTS

(a) Changes in accounting policies

In the current financial year, the Group and the Company adopted four new MASB Standards. The adoption of these new standards resulted in changes in accounting policies as follows:

- (i) MASB 23, Impairment of Assets, which is applied prospectively. The restatement of comparative figures and prior year adjustment are therefore not presented. The adoption of this standard has no material impact on the financial statements;
- (ii) MASB 24, Financial Instruments: Disclosure and Presentation, which have been adopted prospectively;
- (iii) MASB 25, Income Taxes, which has been adopted retrospectively. Comparative figures have been adjusted to reflect the change in this accounting policy; and
- (iv) MASB 27, Borrowing Costs, which is applied retrospectively. Comparative figures have not been restated as the previous accounting policy was in line with the accounting standard.

The adoption of MASB 25 has resulted in the recognition in full of all taxable temporary differences. Previously, deferred tax liabilities were not provided if no liability was expected to arise in the foreseeable future and there were no indications the timing differences would reverse thereafter. Deferred tax assets are now recognised when it is probable that taxable profits will be available against which the deferred tax asset can be utilised (previously only recognised where there was a reasonable expectation of realisation in the near future).

This change in accounting policy, applied retrospectively, has the following impact on results as follows:

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Net profit before change in accounting policy	415,056	273,199	116,862	106,098
Effect of adopting MASB 25	(20,368)	(18,126)	-	-
Net profit for the year	<u>394,688</u>	<u>255,073</u>	<u>116,862</u>	<u>106,098</u>

(b) Prior year adjustments

The change in accounting policy due to the adoption of MASB 25 has been accounted for by restating comparatives and adjusting the opening balance of retained profits at 1 October 2001 as disclosed in Note 35 and the statement of changes in equity respectively.

notes on the financial statements

35. COMPARATIVE FIGURES

- (a) The following comparative figures have been restated to reflect the treatment of deferred taxation in accordance with MASB 25, *Income Taxes*:

	Group		Company	
	As Restated RM'000	As Previously Stated RM'000	As Restated RM'000	As Previously Stated RM'000
Income Statements				
Tax expense	80,668	59,449	15,840	15,840
Minority interests	11,378	14,471	-	-
Net profit for the year	<u>255,073</u>	<u>273,199</u>	<u>106,098</u>	<u>106,098</u>
Balance Sheets				
Goodwill on consolidation	64,002	48,859	-	-
Deferred tax asset	21,630	-	-	-
Reserves	2,725,499	2,792,919	2,263,682	2,267,282
Minority interests	113,847	116,833	-	-
Deferred tax liability	<u>123,762</u>	<u>16,583</u>	<u>3,600</u>	<u>-</u>
	Sen	Sen	Sen	Sen
Earnings per share	<u>35.9</u>	<u>38.5</u>	<u>14.9</u>	<u>14.9</u>

- (b) The following comparative figures have been restated to present the nature of those amounts more appropriately in the financial statements:

	Group	
	As Restated RM'000	As Previously Stated RM'000
Consolidated Cash Flow Statement and Note 3 on the Financial Statements		
Depreciation	88,640	78,390
Amortisation of leasehold land	<u>2,230</u>	<u>12,480</u>
Note 10 on the Financial Statements		
Net book value at 30 September, 2002		
Leasehold land	158,548	209,165
Buildings	<u>210,435</u>	<u>159,818</u>
Depreciation charge for 2002		
Leasehold land	2,230	12,480
Buildings	<u>23,157</u>	<u>12,907</u>
The net book value of leasehold land comprises:		
Short term	<u>24,356</u>	<u>74,973</u>

	Group		Company	
	As Restated	As Previously Stated	As Restated	As Previously Stated
Note 5 on the Financial Statements				
Staff cost (RM'000)	<u>369,794</u>	<u>366,840</u>	<u>73,011</u>	<u>70,057</u>
Number of employees (including Executive Directors)	<u>22,297</u>	<u>22,293</u>	<u>7,074</u>	<u>7,070</u>

36. AUTHORISATION FOR ISSUE

The financial statements were approved and authorised for issue by the Board of Directors on 12 December, 2003.

DIRECTORS' STATEMENT

In the opinion of the Directors, the financial statements set out on pages 40 to 83 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view respectively of the state of affairs of the Group and of the Company at 30 September, 2003 and of the results of the business of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year ended on that date.

On Behalf of the Board

DATO' LEE OI HIAN
(Chairman/CEO)

YEOH CHIN HIN
(Director)

12 December, 2003.

STATUTORY DECLARATION

I, Fan Chee Kum, being the officer primarily responsible for the financial management of Kuala Lumpur Kepong Berhad, do solemnly and sincerely declare that the financial statements set out on pages 40 to 83 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed at Ipoh in the)
State of Perak Darul Ridzuan this)
12th day of December, 2003.)

FAN CHEE KUM

Before me:-

S. JAGJIT SINGH
Commissioner for Oaths
Ipoh, Perak Darul Ridzuan,
Malaysia.

REPORT OF THE AUDITORS

to the members of Kuala Lumpur Kepong Berhad.

We have audited the financial statements set out on pages 40 to 83. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the state of affairs of the Group and of the Company at 30 September, 2003 and the results of their operations and cash flows for the year ended on that date; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 31 on the financial statements and we have considered their financial statements and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under sub-section (3) of Section 174 of the Act.

KPMG

FIRM NUMBER: AF-0758

Chartered Accountants

PETER HO KOK WAI

PARTNER

APPROVAL NUMBER : 1745/12/03 (J)

Ipoh.
12 December, 2003.

AREA STATEMENT

AT 30 SEPTEMBER

		2003			2002	
	Hectares	% Under Crop	% Of Total Planted Area	Hectares	% Under Crop	% Of Total Planted Area
OIL PALM						
Mature	87,028	76	64	83,006	73	62
Immature	26,756	24	20	29,943	27	22
Total	113,784	100	84	112,949	100	84
RUBBER						
Mature	16,496	78	12	16,758	76	12
Immature	4,671	22	4	5,243	24	4
Total	21,167	100	16	22,001	100	16
TOTAL PLANTED	134,951		100	134,950		100
Plantable Reserves	8,506			4,616		
Building Sites, etc.	6,852			6,864		
GRAND TOTAL	150,309			146,430		

FIVE YEAR PLANTATION STATISTICS

		2003	2002	2001	2000	1999
OIL PALM						
FFB Production	- own estates (tonnes)	1,925,953	1,766,762	1,604,385	1,392,674	1,271,165
	- sold (tonnes)	109,917	90,474	62,719	45,051	64,055
	- purchased (tonnes)	795,688	764,984	586,291	511,406	577,732
	- total processed (tonnes)	2,611,724	2,441,272	2,127,957	1,859,029	1,784,842
Yield per mature hectare	(tonnes FFB)	22.15	21.20	20.95	21.28	21.21
Profit per mature hectare	(RM)	4,160	2,718	1,001	2,483	5,154
(before replanting expenditure)						
Average selling prices:						
Refined palm products	(RM per tonne ex-refinery)	1,535	1,206	885	1,202	1,928
Crude palm oil	(RM per tonne ex-mill)	1,476	1,169	824	1,131	1,711
Palm kernel oil	(RM per tonne ex-mill)	1,477	1,193	938	1,953	2,490
Palm kernel cake	(RM per tonne ex-mill)	155	152	73	151	168
Palm kernels	(RM per tonne ex-mill)	683	580	440	927	1,086
FFB	(RM per tonne)	269	217	138	211	281
RUBBER						
Production	- own estates ('000 kgs)	24,755	23,782	23,646	24,727	26,900
	- sold ('000 kgs)	285	54	158	4,670	1,891
	- purchased ('000 kgs)	2,805	2,789	2,496	2,041	2,047
	- total processed ('000 kgs)	27,275	26,517	25,984	22,098	27,056
Yield per mature hectare	(kgs)	1,507	1,439	1,381	1,431	1,585
Profit per mature hectare	(RM)	1,606	602	321	542	389
(before replanting expenditure)						
Average selling price	(sen/kg)	386	300	294	311	273
(net of cess)						
COCOA						
Production	- own estates ('000 kgs)	-	-	536	1,004	2,230
Yield per mature hectare	(kgs)	-	-	746	680	982
Profit/(Loss) per mature hectare	(RM)	-	-	(170)	(583)	1,641
(before replanting expenditure)						
Average selling price	(RM/kg)	-	-	3.43	3.24	4.87
PLANTED AREA (weighted average hectares):						
OIL PALM						
Mature		86,965	83,325	76,599	65,452	59,943
Immature		26,630	29,797	35,505	41,302	41,524
RUBBER						
Mature		16,429	16,520	17,119	17,270	16,972
Immature		4,975	5,208	5,445	6,254	8,224
COCOA						
Mature		-	-	718	1,475	2,272
TOTAL PLANTED AREA		134,999	134,850	135,386	131,753	128,935

FIVE YEAR FINANCIAL STATISTICS

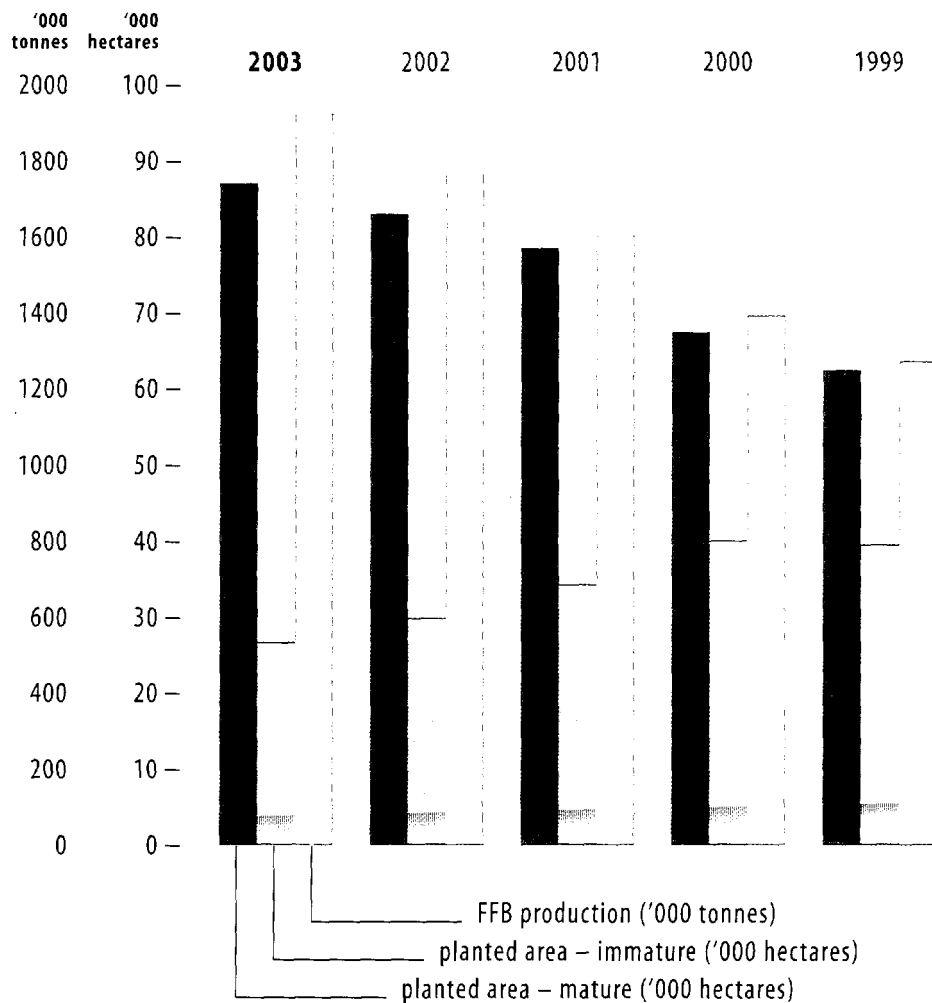
	2003 RM'000	2002 RM'000	2001 RM'000	2000 RM'000	1999 RM'000
REVENUE					
Palm products	1,351,493	924,021	600,975	750,913	950,015
Rubber	111,567	83,933	64,575	71,587	78,689
Cocoa	-	-	152	805	3,133
Manufacturing	1,268,506	856,515	805,843	835,173	845,543
Retailing	671,721	583,061	545,073	526,215	490,983
Property development	42,893	-	-	-	-
Investment income	21,647	15,381	19,548	22,967	27,999
Other income	5,704	6,160	5,448	16,436	7,893
	<u>3,473,531</u>	<u>2,469,071</u>	<u>2,041,614</u>	<u>2,224,096</u>	<u>2,404,255</u>
GROUP PROFIT					
Palm products	338,104	203,981	44,270	127,951	297,638
Rubber	18,471	2,242	(1,706)	(949)	(1,500)
Cocoa	-	-	(122)	(860)	3,728
Manufacturing	98,038	71,401	94,590	78,770	34,238
Retailing	18,831	15,806	11,366	(33,048)	(29,194)
Property development	8,759	-	-	-	-
Others	483	(2,092)	(1,245)	887	1,386
Share of results of associated companies	78,560	49,752	(45,079)	83,804	61,555
Investment income	21,647	16,087	16,577	23,810	39,015
Finance cost	(5,615)	(4,832)	(3,935)	(6,482)	(9,500)
Corporate	(8,367)	(5,226)	(8,157)	16,196	1,960
	<u>568,911</u>	<u>347,119</u>	<u>106,559</u>	<u>290,079</u>	<u>399,326</u>
Profit before taxation	568,911	347,119	106,559	290,079	399,326
Taxation	(156,484)	(80,668)	(23,425)	(70,995)	(36,581)
Minority interests	(17,739)	(11,378)	(15,951)	(14,628)	(7,963)
	<u>394,688</u>	<u>255,073</u>	<u>67,183</u>	<u>204,456</u>	<u>354,782</u>
Net profit	394,688	255,073	67,183	204,456	354,782
CAPITAL EMPLOYED					
Property, plant and equipment	2,273,656	2,183,584	1,992,330	1,952,874	1,954,493
Property development	54,652	68,806	69,711	68,907	66,010
Associated companies	497,020	467,688	510,393	581,674	580,574
Other investments	82,473	69,834	83,440	89,175	61,310
Deferred tax asset	9,490	21,630	48,355	44,035	42,797
Intangible assets	18,837	18,782	18,772	19,928	23,347
Goodwill on consolidation	60,369	64,002	31,830	30,072	30,072
Net current assets	1,073,022	798,834	721,604	725,030	711,760
	<u>4,069,519</u>	<u>3,693,160</u>	<u>3,476,435</u>	<u>3,511,695</u>	<u>3,470,363</u>
Total	4,069,519	3,693,160	3,476,435	3,511,695	3,470,363

five year financial statistics

	2003 RM'000	2002 RM'000	2001 RM'000	2000 RM'000	1999 RM'000
SOURCES OF FINANCE					
Share capital	712,516	712,516	712,516	712,516	712,516
Reserves	3,076,762	2,725,499	2,545,454	2,597,202	2,563,048
Cost of treasury shares	(13,447)	(13,447)	(12,382)	(12,382)	(12,382)
Deferred taxation	135,876	123,762	107,258	94,127	89,895
Provision for retirement benefits	13,429	12,854	10,475	10,036	9,515
Minority interests	125,078	113,847	111,653	108,080	96,238
Borrowings	18,938	17,660	1,254	1,761	4,109
Finance leases	367	469	207	355	7,424
Total	<u>4,069,519</u>	<u>3,693,160</u>	<u>3,476,435</u>	<u>3,511,695</u>	<u>3,470,363</u>
SHAREHOLDERS' EARNINGS AND DIVIDENDS					
Earnings per share – sen	55.6	35.9	9.5	28.8	49.9
Dividend rate	25.0%	20.0%	15.0%	20.0%	20.0%
Dividend yield at 30 September	4.0%	3.3%	2.9%	3.8%	4.3%
P/E ratio at 30 September	11.2	16.8	54.7	18.4	9.2

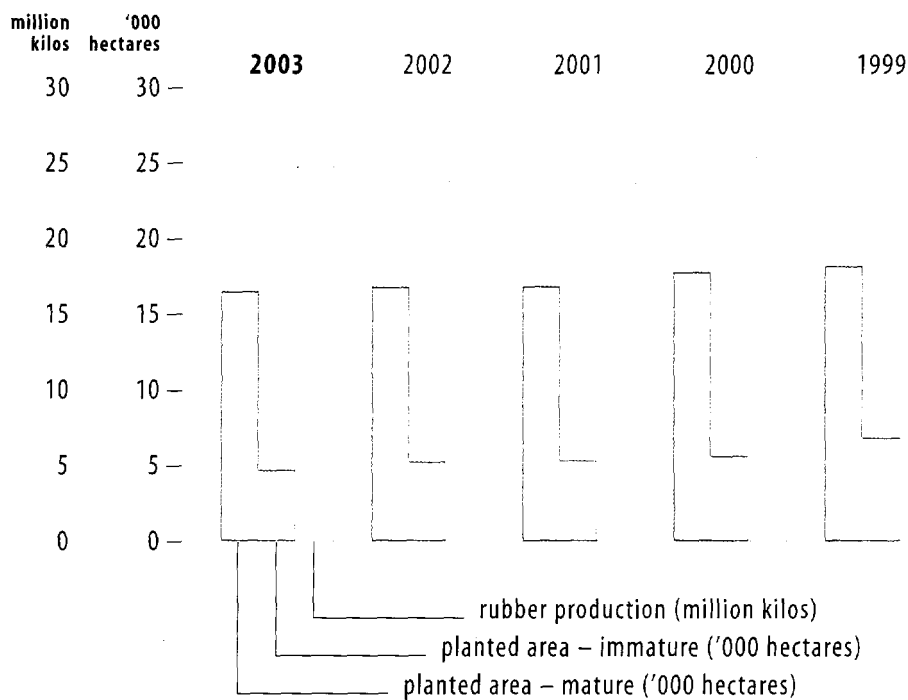
OIL PALM

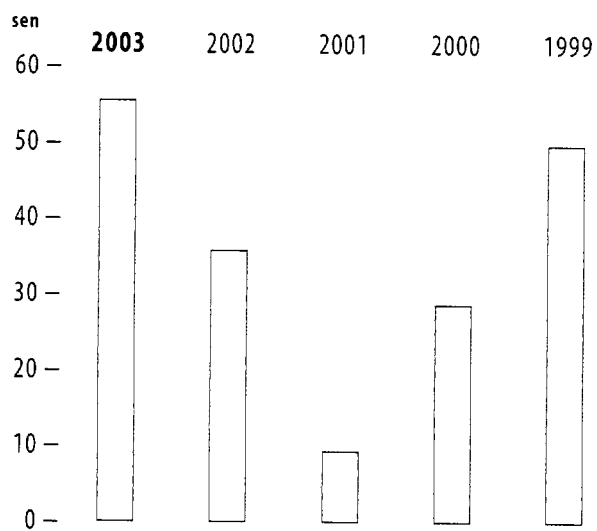
PLANTED AREA & FFB PRODUCTION



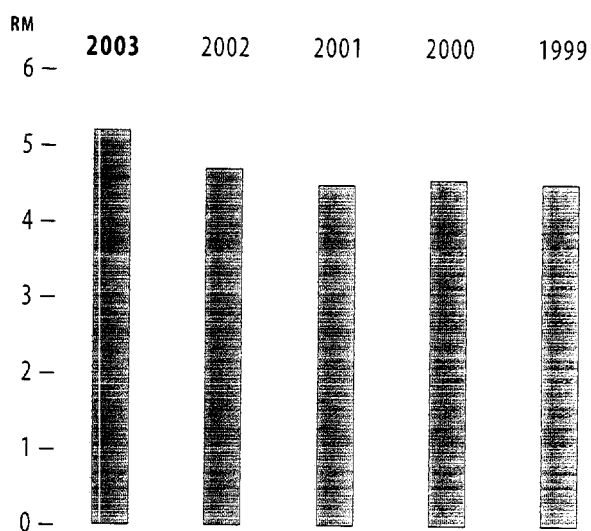
RUBBER

PLANTED AREA & PRODUCTION

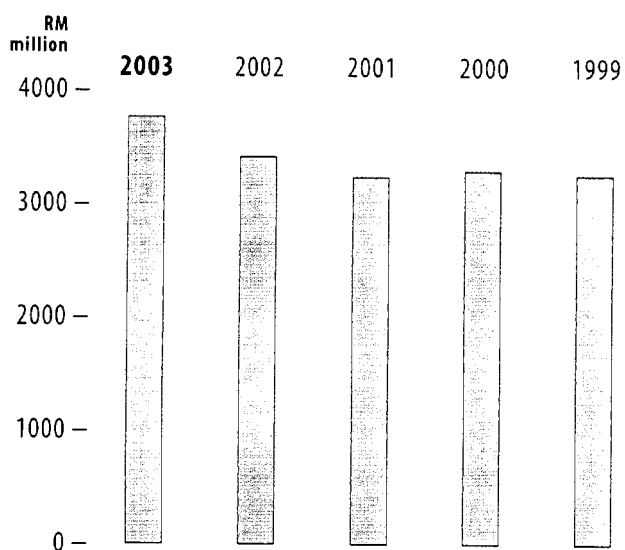




EARNINGS PER SHARE



NET TANGIBLE ASSET PER SHARE



SHARE- HOLDERS' FUNDS

LOCATION	TENURE	TITLED HECTAREAGE	DESCRIPTION	NET BOOK VALUE RM '000	YEAR OF ACQUISITION/ LAST REVALUATION
PLANTATIONS					
PENINSULAR MALAYSIA					
Ladang Allagar, Trong, Perak.	Freehold	805	Oil palm estate	12,708	1986
Ladang Ayer Hitam, Bahau, Negeri Sembilan.	Freehold	2,640	Rubber and oil palm estate	38,544	1985
Ladang Ban Heng, Pagoh, Muar, Johor.	Freehold	631	Oil palm estate	8,205	1979*
Ladang Batang Jelai, Rompin, Negeri Sembilan.	Freehold	2,162	Rubber and oil palm estate	32,905	1985
Ladang Batu Lintang, Serdang, Kedah.	Freehold	2,017	Rubber and oil palm estate	31,943	1986
Ladang Changkat Asa, Tanjong Malim, Perak.	Freehold	1,594	Rubber and oil palm estate	16,159	1979*
Ladang Fraser, Kulai, Johor.	Freehold	2,968	Oil palm estate	33,440	1979*
Ladang Ghim Khoon, Serdang, Kedah.	Freehold	950	Rubber and oil palm estate	23,289	1986
Ladang Glenealy, Parit, Perak.	Freehold	1,084	Rubber and oil palm estate	15,043	1992
Ladang Gunong Pertanian, Simpang Durian, Negeri Sembilan.	Leasehold expiring in 2077	686	Oil palm estate	10,348	1985
Ladang Jeram Padang, Bahau, Negeri Sembilan.	Freehold	2,114	Rubber and oil palm estate	29,904	1985
Ladang Kekayaan, Paloh, Johor.	Leasehold expiring in 2068	2,818	Oil palm estate	33,765	1979*
Ladang Kerilla, Tanah Merah, Kelantan.	Freehold	2,191	Rubber and oil palm estate	27,148	1992
Ladang Kerling, Kerling, Selangor.	Freehold	619	Rubber and oil palm estate	47,476	2002
Ladang Kombok, Rantau, Negeri Sembilan.	Freehold	1,916	Rubber and oil palm estate	31,998	1985

* Year of last revaluation

properties of the group at 30 september, 2003

LOCATION	TENURE	TITLED HECTAREAGE	DESCRIPTION	NET BOOK VALUE RM '000	YEAR OF ACQUISITION/ LAST REVALUATION
Ladang Kuala Gris, Kuala Krai, Kelantan.	Freehold	2,429	Rubber and oil palm estate	29,796	1992
Ladang Kuala Kangsar, Padang Rengas, Perak.	Freehold Leasehold expiring in 2896	510 337	Rubber and oil palm estate	5,923	1979*
Ladang Landak, Paloh, Johor.	Leasehold expiring in 2068	2,833	Oil palm estate	27,088	1979*
Ladang New Pogoh, Segamat, Johor.	Freehold	1,560	Rubber and oil palm estate	14,184	1979*
Ladang Paloh, Paloh, Johor.	Freehold	2,679	Oil palm estate	36,224	1979*
Ladang Pasir Gajah, Kuala Krai, Kelantan.	Freehold Leasehold expiring in 2326 and 2907	1,257 1,398	Rubber and oil palm estate	24,397	1981* 1980*
Ladang Pelam, Kulim, Kedah.	Freehold	2,526	Rubber and oil palm estate	39,483	1992
Ladang Renjok, Bentong, Pahang.	Freehold	1,579	Rubber and oil palm estate	15,866	1979*
Ladang See Sun, Renggam, Johor.	Freehold	589	Oil palm estate	9,712	1984
Ladang Selborne, Padang Tengku, Kuala Lipis, Pahang.	Freehold	1,282	Rubber estate	16,611	1992
Ladang Serapoh, Parit, Perak.	Freehold	936	Rubber and oil palm estate	9,124	1979* 1992
Ladang Subur, Batu Kurau, Perak.	Freehold	1,290	Rubber and oil palm estate	14,461	1986
Ladang Sungei Gapi, Serendah, Selangor.	Freehold	611	Rubber and oil palm estate	6,230	1979* 1985
Ladang Sungei Kawang, Lanchang, Pahang.	Freehold	1,890	Rubber and oil palm estate	15,339	1979*

* Year of last revaluation

properties of the group at 30 september, 2003

LOCATION	TENURE	TITLED HECTAREAGE	DESCRIPTION	NET BOOK VALUE RM '000	YEAR OF ACQUISITION/ LAST REVALUATION
Ladang Sungei Penggeli, Bandar Tenggara, Johor.	Leasehold expiring in 2087	959	Oil palm estate	9,205	1988
Ladang Sungei Sokor, Tanah Merah, Kelantan.	Freehold	1,603	Rubber and oil palm estate	17,034	1992
Ladang Sungei Tamok, Paloh, Johor.	Leasehold expiring in 2078	1,619	Oil palm estate	15,853	1979*
Ladang Tertinggi, Paloh, Johor.	Leasehold expiring in 2078	1,619	Oil palm estate	19,589	1979*
Ladang Tuan, Bentong, Pahang.	Freehold Leasehold expiring between 2030 and 2057	1,369 443	Rubber and oil palm estate	11,464	1979*
Ladang Tuan Mee, Sungei Buloh, Selangor.	Freehold	1,715	Oil palm estate	17,578	1979*
Ladang Ulu Pedas, Pedas, Negeri Sembilan.	Freehold	924	Rubber and oil palm estate	17,586	1985
Ladang Voules, Segamat, Johor.	Freehold	2,977	Rubber and oil palm estate	25,323	1979*
		<hr/> 62,129 <hr/>			
EAST MALAYSIA					
Ladang Bornion, Kinabatangan, Sabah.	Leasehold expiring in 2078	3,233	Oil palm estate	35,560	1992
Ladang Bukit Tabin, Lahad Datu, Sabah.	Leasehold expiring in 2079	2,916	Oil palm estate	31,702	1993
Ladang Jatika, Tawau, Sabah.	Leasehold expiring between 2068 and 2083	3,515	Oil palm estate	48,096	1991
Ladang Lungmanis, Lahad Datu, Sabah.	Leasehold expiring in 2085	1,656	Oil palm estate	13,773	1991*
Ladang Pang Burong, Tawau, Sabah.	Leasehold expiring between 2063 and 2080	2,548	Oil palm estate	37,521	1983

* Year of last revaluation

properties of the group at 30 september, 2003

LOCATION	TENURE	TITLED HECTAREAGE	DESCRIPTION	NET BOOK VALUE RM '000	YEAR OF ACQUISITION/ LAST REVALUATION
Ladang Pangeran, Tawau, Sabah.	Leasehold expiring between 2063 and 2080	2,855	Oil palm estate	39,314	1983
Ladang Pinang, Tawau, Sabah.	Leasehold expiring between 2067 and 2085	2,425	Oil palm estate	31,483	1983
Ladang Ringlet, Tawau, Sabah.	Leasehold expiring between 2067 and 2080	1,843	Oil palm estate	16,692	1989
Ladang Rimmer, Lahad Datu, Sabah.	Leasehold expiring in 2085	2,730	Oil palm estate	21,791	1991*
Ladang Segar Usaha, Kinabatangan, Sabah.	Leasehold expiring in 2077	2,792	Oil palm estate	30,891	1990*
Ladang Sigalong, Tawau, Sabah.	Leasehold expiring between 2063 and 2079	2,861	Oil palm estate	30,512	1983
Ladang Sri Kunak, Tawau, Sabah.	Leasehold expiring between 2063 and 2076	2,773	Oil palm estate	38,593	1983
Ladang Sg. Silabukan, Lahad Datu, Sabah.	Leasehold expiring in 2079	2,654	Oil palm estate	29,162	1993
Ladang Tundong, Tawau, Sabah.	Leasehold expiring between 2063 and 2073	2,096	Oil palm estate	29,354	1983
Ladang Tungku, Lahad Datu, Sabah.	Leasehold expiring in 2085	3,418	Oil palm estate	26,700	1991*
		40,315			
INDONESIA Kebun SWP, Belitung, Indonesia.	Leasehold expiring in 2020	14,065	Oil palm estate	72,401	1994

* Year of last revaluation

properties of the group at 30 september, 2003

LOCATION	TENURE	TITLED HECTAREAGE	DESCRIPTION	APPROXIMATE AGE OF BUILDINGS Years	NET BOOK VALUE RM'000	YEAR OF ACQUISITION/ LAST REVALUATION
Kebun Mandau, Riau, Indonesia.	Leasehold expiring in 2020	14,799	Rubber and oil palm estate	-	72,169	1996
Kebun Nilo, Riau, Indonesia.	Leasehold expiring in 2028	12,860	Oil palm estate	-	126,360	1996
Kebun Parit Sembada, Belitung, Indonesia.	Leasehold expiring in 2020	3,990	Oil palm estate	-	17,094	2003
		<hr/> 45,714 <hr/>				

OTHER OPERATIONS MALAYSIA

B.K.B. Hevea Products, Ipoh, Perak.	Leasehold expiring in 2089	5	Parquet factory	9	7,766	1994
KL-Kepong Cocoa Products, Port Klang, Selangor.	Leasehold expiring in 2088	2	Cocoa products factory	11	5,247	1991
		2	Warehouse	6	7,900	2003
KL-Kepong Edible Oils, Pasir Gudang, Johor.	Leasehold expiring in 2045	5	Palm oil refinery	20	939	1985
KL-Kepong Rubber Products, Lahat, Perak.	Freehold	4	Rubber gloves factory	14	5,201	1995
KL-Kepong (Sabah), Tawau, Sabah.	Leasehold expiring in 2073	61	Refinery, palm oil mills and kernel crushing plant	16 to 20	1,103	1983
KSP Manufacturing, Rawang, Selangor.	Freehold	4	Soap noodles factory	7	4,936	1994
Palmamide, Rawang, Selangor.	Freehold	3	Industrial amides factory	7	4,084	1994
Palm-Oleo, Rawang, Selangor.	Freehold	8	Oleochemicals factory	12	6,950	1991

properties of the group at 30 september, 2003

LOCATION	TENURE	TITLED AREA #	DESCRIPTION	APPROXIMATE AGE OF BUILDINGS Years	NET BOOK VALUE RM'000	YEAR OF ACQUISITION/ LAST REVALUATION
Colville Holdings, Setul, Negeri Sembilan.	Freehold	428	Property development	-	9,950	1985
KL-Kepong Complex, Sungei Buloh, Selangor.	Freehold	16	Property development	-	3,315	1979
KL-Kepong Country Homes, Ijok, Selangor.	Freehold Leasehold expiring in 2082	1,089 9	Property development	-	26,137	1979
Kompleks Tanjong Malim, Tanjong Malim, Perak.	Freehold	184	Property development	-	3,866	1979
Palermo Corporation, Bagan Samak, Kedah.	Freehold	353	Property development	-	11,961	1986
		2,079				
Annexe & Brunwells, Port Dickson, Negeri Sembilan.	Freehold	13,339 sq.m.	Holiday bungalows	55	35	1972
Bunge & Arundel, Fraser's Hill, Pahang.	Leasehold expiring between 2025 and 2026	8,981 sq.m.	Holiday bungalows	54	241	1972
Wisma Taiko, 1, Jalan S.P. Seenivasagam, Ipoh, Perak.	Freehold Leasehold expiring in 2892	2,984 sq.m. 2,408 sq.m.	Head Office building	18	6,066 1,606	1983 2000
3, Jalan Taman U Thant, Kuala Lumpur.	Freehold	2,092 sq.m.	Residential bungalow	41	1	1974
5B, Jalan Tun Dr. Ismail, Ipoh, Perak.	Freehold	2,847 sq.m.	Residential bungalow	37	1	1978
10, Jalan Kelab Golf, Ipoh, Perak.	Freehold	9,990 sq.m.	Residential bungalow	74	1	1981
146, Jalan Dedap Batik, Sierramas, Sg. Buloh, Selangor.	Freehold	556 sq.m.	Residential bungalow	6	661	1995

Titled area is in hectares except otherwise indicated.

properties of the group at 30 september, 2003

LOCATION	TENURE	TITLED AREA #	DESCRIPTION	APPROXIMATE AGE OF BUILDINGS Years	NET BOOK VALUE RM'000	YEAR OF ACQUISITION/ LAST REVALUATION
A33, Lembah Beringin Homestead, Selangor.	Freehold	4,317 sq.m.	Bungalow lot	-	285	1994
7, Persiaran Zarib 11A, Taman Pinji Mewah, Lahat, Perak.	Leasehold expiring in 2092	626 sq.m.	Residential bungalow	1	434	2003
Tinagat, Tawau, Sabah.	Leasehold expiring between 2921 and 2928	2	Tawau Office and warehouse	10	1,504	1992
Leluasa Untung Sdn. Bhd., New Wharf Road, Lahad Datu, Sabah.	Leasehold expiring in 2066	4	Kernel crushing plant	1	22,688	1998
		<hr/> 11 <hr/>				
AUSTRALIA						
Erregulla Farm, Mingenew, Western Australia.	Freehold	5,290	Sheep and cereal farm	-	3,167	1989*
Warrenning Gully Farm, Williams, Western Australia.	Freehold	3,089	Sheep and cereal farm	-	5,515	1989*
		<hr/> 8,379 <hr/>				
PEOPLE'S REPUBLIC OF CHINA						
Nanjiang Port Area, Tianjin.	Leasehold expiring in 2045	2	Bulking installation	7	10,610	1997
Dingong Miao, Baisha Zhou, Wuchang, Wuhan.	Leasehold expiring in 2044	3	Refinery	8	13,151	1995
		<hr/> 5 <hr/>				

Titled area is in hectares except otherwise indicated.

* Year of last revaluation

properties of the group at 30 september, 2003

LOCATION	TENURE	TITLED AREA #	DESCRIPTION	APPROXIMATE AGE OF BUILDINGS Years	NET BOOK VALUE RM'000	YEAR OF ACQUISITION/ LAST REVALUATION
HONG KONG						
2501-3, Universal Trade Center, No. 3, Arbuthnot Road, Hong Kong.	Leasehold expiring in 2854	383 sq.m.	Office building	11	3,846	2002
UNITED KINGDOM						
6, Lovat Lane, London.	Freehold	95 sq.m.	Office building	153	3,956	1992*
Gerrard Place, Skelmersdale, Lancashire.	Freehold	2	Toiletries factory	30	3,038	1995
Pontyclun, Wales.	Freehold	2	Toiletries factory	40	12,835	1995
Standard Soap, Ashby-de-la Zouch, Leicestershire.	Freehold	2	Soap factory	38	9,380	1995
52, Kingston House East, London.	Leasehold expiring in 2204	132 sq.m.	Residential apartment	47	5,692	2001
27, Kelso Place, Kensington, London.	Freehold	400 sq.m.	Office building	122	23,546	2001
		6				
UNITED STATES						
Woodstock, Connecticut.	Freehold	16	Office and toiletries factory	20	17,796	1996
Group Total		158,748				

Titled area is in hectares except otherwise indicated.

* Year of last revaluation

LOCATION OF THE GROUP'S PLANTATION AND OVERSEAS AGRICULTURAL OPERATION

at 30 September 2003

MALAYSIA Hectares

Kedah

1	Batu Lintang△	2,017
2	Ghim Khooon	950
3	Pelam	2,526

Perak

4	Allagar	805
5	Glenealy	1,084
6	Kuala Kangsar	847
7	Serapoh	936
8	Subur	1,290

Selangor

9	Changkat Asa△▽	1,594
10	Sungei Gapi	611
11	Tuan Mee △	1,715
12	Kerling	619

Negeri Sembilan

13	Ayer Hitam	2,640
14	Batang Jelai	2,162
15	Gunong Pertanian	686
16	Jeram Padang△□	2,114
17	Kombok	1,916
18	Ulu Pemas	924

Johore

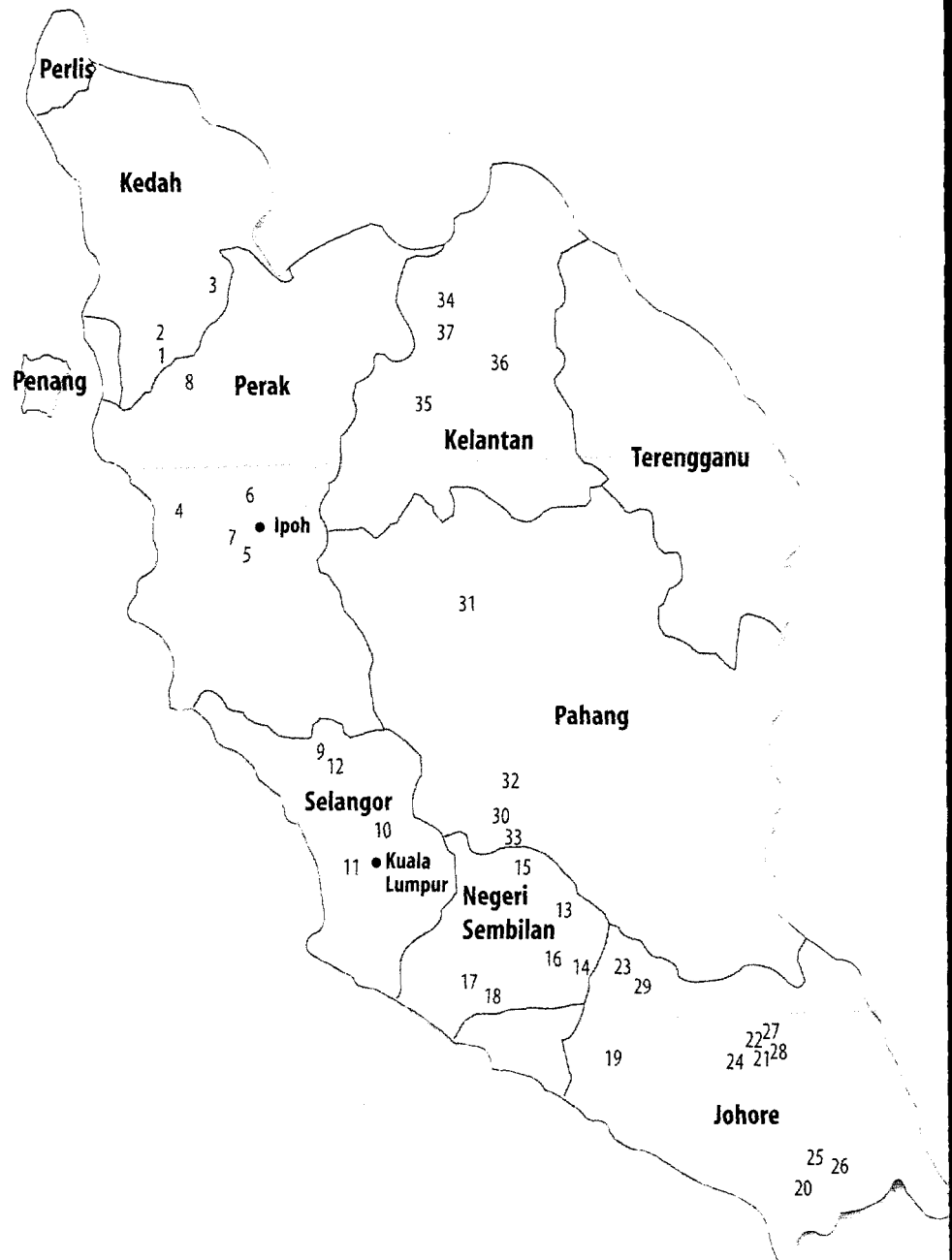
19	Ban Heng	631
20	Fraser△	2,968
21	Kekayaan	2,818
22	Landak△	2,833
23	New Pogoh	1,560
24	Paloh△	2,680
25	See Sun	589
26	Sungei Penggeli	959
27	Sungei Tamok	1,619
28	Tertinggi	1,619
29	Voules▽	2,977

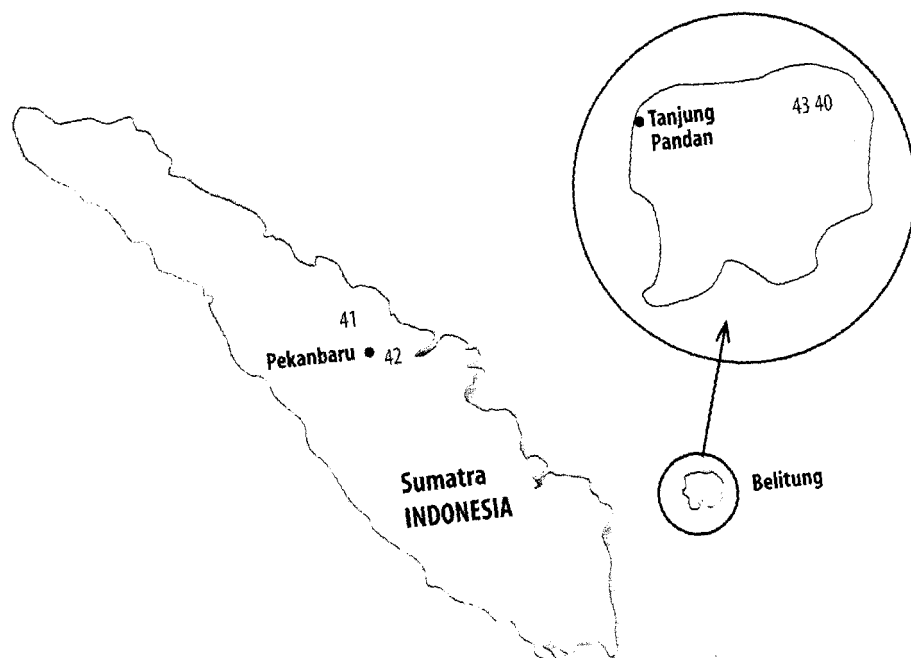
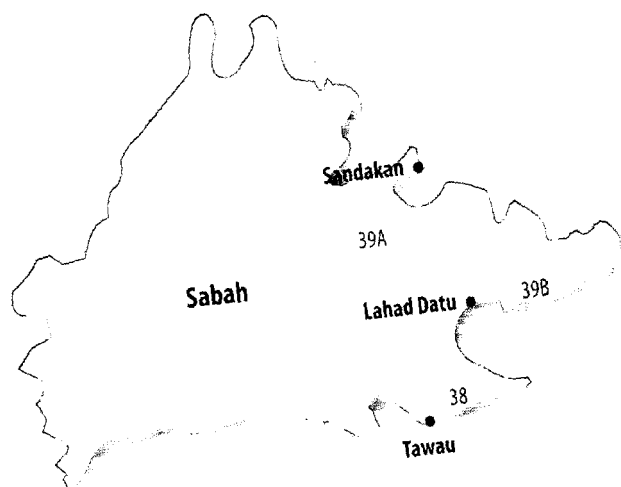
Pahang

30	Renjok	1,579
31	Selborne□	1,282
32	Sungei Kawang	1,890
33	Tuan	1,812

Kelantan

34	Kerilla	2,191
35	Kuala Gris○	2,429
36	Pasir Gajah△	2,655
37	Sungei Sokor	1,603





MALAYSIA Hectares

Sabah

38	KDC COMPLEX	3,515
	Jatika	2,548
	Pang Burong	2,855
	Pangeran	2,425
	Pinang	1,843
	Ringlet	2,861
	Sigalong	2,773
	Sri Kunak	2,096
	Tundong	

39	GSSB COMPLEX	3,233
39A	Bornion	2,792
	Segar Usaha	2,916
39B	Bukit Tabin	1,656
	Lungmanis	2,730
	Rimmer	2,654
	Sg Silabukan	3,418
	Tungku	

INDONESIA

40	Kebun SWP	14,065
41	Kebun Mandau	14,799
42	Kebun Nilo	12,860
43	Kebun Parit Sembada	3,990

AUSTRALIA

44	Erregulla Farm	5,290
45	Warrening Gully Farm	3,089

LEGEND

- With Palm Oil Mill
- With SMR Factory
- With SIR and Latex Concentrate Factory
- With Latex Concentrate Factory
- With SMR and Latex Concentrate Factory
- With Kernel Crushing Plant
- With Refinery

SHAREHOLDING STATISTICS

AT 8 DECEMBER, 2003

AUTHORISED SHARE CAPITAL	—	RM1,000,000,000
ISSUED & FULLY PAID-UP CAPITAL	—	RM712,516,128
CLASS OF SHARES	—	Shares of RM1 each

Breakdown of Shareholdings

Size Of Shareholdings	No. Of Shareholders	No. Of Shares	% Of Issued Share Capital#
Less than 100	83	2,645	0.00
100 to 1,000	1,703	1,466,414	0.21
1,001 to 10,000	4,155	16,550,948	2.33
10,001 to 100,000	1,245	36,150,771	5.09
100,001 to less than 5% of issued shares	230	217,693,500	30.66
5% and above of issued shares	3	438,112,850	61.71
TOTAL	7,419	709,977,128	100.00

Thirty Largest Shareholders as in the Register of Members and the Record of Depositors:-

Name	No. Of Shares	% Of Issued Share Capital#
1. Batu Kawan Berhad	323,191,700	45.52
2. Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Skim Amanah Saham Bumiputera	60,476,150	8.52
3. Permodalan Nasional Berhad	54,445,000	7.67
4. Lembaga Kemajuan Tanah Persekutuan (Felda)	31,273,039	4.40
5. Employees Provident Fund Board	29,749,700	4.19
6. Malaysia Nominees (Tempatan) Sdn. Bhd. - Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	11,894,320	1.68
7. Valuecap Sdn. Bhd.	11,581,200	1.63
8. Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Amanah Saham Wawasan 2020	6,794,900	0.96
9. Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Sekim Amanah Saham Nasional	5,000,000	0.70
10. Lembaga Tabung Haji	4,287,500	0.60
11. Wan Hin Investments Sdn. Berhad	3,750,000	0.53
12. HSBC Nominees (Asing) Sdn. Bhd. - Abu Dhabi Investment Authority	3,298,000	0.46
13. HSBC Nominees (Asing) Sdn. Bhd. - Chase Lux For Schroder International Selection Fund (Pacific Equity)	3,102,000	0.44
14. AMMB Nominees (Tempatan) Sdn. Bhd. - AmTrustee Berhad For SBB Dana Al-Ihsan (5-2-7)	2,172,100	0.31
15. Amanah Raya Berhad - AMITTIKAL	2,118,000	0.30
16. Yeoh Chin Hin Investments Sdn. Berhad	2,040,000	0.29
17. HSBC Nominees (Asing) Sdn. Bhd. - JPMCB For BT Pension Scheme	2,003,100	0.28
18. Song Kee Tin Mining Company Sdn. Berhad	2,000,900	0.28
19. AM Nominees (Tempatan) Sdn. Bhd. - Employees Provident Fund Board (A/c 1)	1,974,000	0.28
20. HSBC Nominees (Asing) Sdn. Bhd. - RTCC London For Baillie Gifford Emerging Markets Fund	1,800,000	0.25
21. Citicorp Nominees (Tempatan) Sdn. Bhd. - Prudential Assurance Malaysia Berhad (Par Fund)	1,777,000	0.25
22. HSBC Nominees (Asing) Sdn. Bhd. - BNY Brussels For Baillie Gifford Emerging Markets Growth Fund (RBS As Trustee)	1,700,000	0.24
23. HSBC Nominees (Asing) Sdn. Bhd. - MTDL For Schroder Pacific Fund	1,686,000	0.24
24. Asia Life (M) Berhad - As Beneficial Owner (PF)	1,626,000	0.23
25. Cartaban Nominees (Tempatan) Sdn. Bhd. - Amanah SSCM Nominees (Tempatan) Sdn. Bhd. For Employees Provident Fund Board (JF404)	1,515,000	0.21
26. Universal Trustee (Malaysia) Berhad - Mayban Unit Trust Fund	1,500,000	0.21
27. Universal Trustee (Malaysia) Berhad - SBB High Growth Fund	1,490,200	0.21
28. Mayban Nominees (Tempatan) Sdn. Bhd. - Mayban Investment Management Sdn. Bhd. For Kumpulan Wang Simpanan Pekerja (N14011980810)	1,483,200	0.21
29. Cartaban Nominees (Asing) Sdn. Bhd. - Government Of Singapore Investment Corporation Pte. Ltd. For Government Of Singapore (C)	1,461,100	0.21
30. Citicorp Nominees (Tempatan) Sdn. Bhd. - ING Insurance Berhad (INV-IL PAR)	1,432,000	0.20
TOTAL	578,622,109	81.50

Calculated based on 709,977,128 shares, which do not include the 2,539,000 treasury shares.

shareholding statistics at 8 december, 2003

Substantial Shareholders

The substantial shareholders of the Company are as follows:-

Name	Number Of Shares			% Of Issued Share Capital#
	Direct	Deemed Interested	Total	
1. Batu Kawan Berhad *	323,886,700	-	323,886,700	45.62
2. Amanah Raya Nominees (Tempatan) Sdn. Bhd. - Skim Amanah Saham Bumiputra	60,476,150	-	60,476,150	8.52
3. Permodalan Nasional Berhad **	54,445,000	-	54,445,000	7.67
4. Employees Provident Fund Board (KWSP)	39,757,500***	-	39,757,500	5.60

* By virtue of Section 6A of the Companies Act, 1965, the Wan Hin Investments Sdn. Bhd. group of companies are also deemed substantial shareholders of the Company. Dato' Lee Oi Hian, Dato' Lee Hau Hian and Dato' Lee Soon Hian are substantial shareholders of Di-Yi Sdn. Bhd., High Quest Holdings Sdn. Bhd. and Elionai Sdn. Bhd. respectively, which in turn are substantial shareholders of Wan Hin Investments Sdn. Bhd. and accordingly all these parties are also deemed substantial shareholders of the Company by virtue of their deemed interests. Their shareholdings in the Company are as follows:-

Name	Number Of Shares			% Of Issued Share Capital#
	Direct	Deemed Interested	Total	
Dato' Lee Oi Hian	48,000	329,997,600	330,045,600	46.49
Dato' Lee Hau Hian	55,500	329,997,600	330,053,100	46.49
Dato' Lee Soon Hian	800,000	329,997,600	330,797,600	46.59
Di-Yi Sdn. Bhd.	-	329,997,600	329,997,600	46.48
High Quest Holdings Sdn. Bhd.	-	329,997,600	329,997,600	46.48
Elionai Sdn. Bhd.	-	329,997,600	329,997,600	46.48
Wan Hin Investments Sdn. Bhd. and group	3,750,000	326,247,600	329,997,600	46.48

** By virtue of Section 6A of the Companies Act, 1965, Yayasan Pelaburan Bumiputra is also deemed substantial shareholder of the Company and its shareholding in the Company is as follows:-

Name	Number Of Shares			% Of Issued Share Capital#
	Direct	Deemed Interested	Total	
Yayasan Pelaburan Bumiputra	-	54,445,000	54,445,000	7.67

*** includes those held through various nominee companies and fund managers.

Calculated based on 709,977,128 shares, which do not include the 2,539,000 treasury shares.

Voting Rights of Shareholders

Every member of the Company present in person or by proxy shall have one vote on a show of hand and in the case of a poll shall have one vote for every share of which he is the holder.

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Kuala Lumpur Kepong Berhad (15043-V)
(Incorporated in Malaysia)

Proxy Form

No. of Shares :
CDS Account No. :
Tel. No. :
Fax No. :

I/We
(Block Letters)

of
being (a) member(s) of KUALA LUMPUR KEPONG BERHAD hereby appoint

..... NRIC/Passport No.

and/or NRIC/Passport No.

or failing him THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on 18 February, 2004 and at any adjournment thereof, and to vote as indicated below:

Please
indicate
with (✓)
how you
wish your
vote to be
cast

Resolution	Relating to:	For	Against
1	Receiving of the Report and Financial Statements		
2	Declaration of Final and Special Dividends		
3	Re-election of Dato' Lee Hau Hian as a Director		
4	Re-appointment of Directors pursuant to Section 129 (6), Companies Act, 1965: Yeoh Chin Hin		
5	Charles Letts		
6	Maj-Gen (R) Dato' Seri Dr. Mahmood Sulaiman		
7	Tan Sri Dato' Thong Yaw Hong		
8	R. M. Alias		
9	Directors' fees		
10	Re-appointment and Remuneration of Auditors		

Date

Signature/Common Seal of Shareholder

Please see NOTES on reverse side which forms part of the proxy form.

Fold this flap for sealing

Stamp

**THE COMPANY SECRETARIES,
KUALA LUMPUR KEPONG BERHAD,
WISMA TAIKO,
1, JALAN S. P. SEENIVASAGAM,
30000 IPOH, PERAK DARUL RIDZUAN,
MALAYSIA.**

2nd fold here

To: All shareholders/proxies attending the Kuala Lumpur Kepong Berhad ("KLK") meeting,

The Thirty-first Annual General Meeting of KLK will be held at the CONFERENCE ROOM, 1ST FLOOR, WISMA TAIKO, NO. 1, JALAN S. P. SEENIVASAGAM, 30000 IPOH, PERAK DARUL RIDZUAN on Wednesday, 18 February, 2004, at 12.30 p.m. For your convenience, the following arrangements have been made :

PARKING FACILITIES

The parking area nearby Wisma Taiko will be reserved for shareholders. Guards will be present to assist you. Parking is free of charge.

REGISTRATION

The registration counter will be located on the Ground Floor of Wisma Taiko. This counter will be opened from 11.30 a.m. onwards.

REFRESHMENTS

Refreshments will be served after the meeting.

1st fold here

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to vote in his stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.
2. The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time set for the meeting.
3. Where this proxy form is executed by a corporation, it must be either under its seal or under the hand of an officer or attorney duly authorised.
4. In the case of joint holders, the proxy form signed by the first named shareholder in the register shall be accepted to the exclusion of the other registered joint holder(s) of the shares.
5. The proxy will vote or abstain at his discretion if no indication is given on the proxy form.



BY COURIER

Our Ref : KLK/SE

7 January 2004

Securities and Exchange Commission
Office of International Corporate Finance
450 Fifth Street, N.W.
Washington, DC 20549
United States of America

04 JAN 12 PM 7:21

Dear Sirs

ANNOUNCEMENT : FILE NO. 82-5022

Pursuant to Rule 12g3-2(b) of the Securities Exchange Act of 1934

We enclose a copy of the following announcements which were made to Kuala Lumpur Stock Exchange, Malaysia for your records :

DATE	TITLE
6 Jan. 2004	GENERAL ANNOUNCEMENT Thirty-first Annual General Meeting and Extraordinary General Meeting CHANGES IN SUBSTANTIAL SHAREHOLDER'S INTEREST PURSUANT TO FORM 29B OF THE COMPANIES ACT, 1965
6 Jan. 2004	Employees Provident Fund Board

Kindly acknowledge receipt of the enclosures at the e-mail address stanley.lim@klk.com.my.
Please quote the date of our letter in your acknowledgement.

Yours faithfully
KUALA LUMPUR KEPONG BERHAD

[J. C. Lim]
Company Secretary

cc JP Morgan Chase Bank
32nd Floor, One International Finance Centre
No. 1 Harbour View Street, Central, Hong Kong
Attention : Ms Tintin Subagyo

sh/adr/2004/jan2004



Form Version 2.0

General Announcement

Submitted by KUALA LUMPUR KEPONG on 06/01/2004 10:50:00 AM

Reference No KL-040106-EE66A

Submitting Merchant Bank :
(if applicable)
Submitting Secretarial Firm Name :
(if applicable)
* Company name : Kuala Lumpur Kepong Berhad
* Stock name : KLK
* Stock code : 2445
* Contact person : J. C. Lim
* Designation : Company Secretary

* Type : ☒ Announcement ☐ Reply to query

* Subject :
**THIRTY-FIRST ANNUAL GENERAL MEETING AND
EXTRAORDINARY GENERAL MEETING**

* **Contents :-**

We are pleased to announce that the Company's Thirty-first Annual General Meeting ("AGM") will be held at the Registered Office, Wisma Taiko, 1 Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan on Wednesday, 18 February 2004 at 12.30 p.m.

An Extraordinary General Meeting of the Company will also be held at the same venue and on the same day of the Company's Thirty-first AGM immediately following the conclusion of the Company's Thirty-first AGM.

The Notice of Meetings are set out in the attachment below.



NoticeofMeeting.pdf Notice of EGM.pdf

/ska

Tables Section - This section is to be used to create and insert tables. Please make the appropriate reference to the table(s) in the Contents of the Announcement:

NOTICE OF MEETING

Notice is hereby given that the **Thirty-first Annual General Meeting** of the Company will be held at the registered office, Wisma Taiko, 1 Jalan S. P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Wednesday, 18 February, 2004 at 12.30 p.m. for the following purposes:

1. To receive and consider the financial statements for the year ended 30 September, 2003 and the Directors' and Auditors' reports thereon. (ORDINARY RESOLUTION 1)
2. To sanction the payment of a final dividend of 9 sen per share less 28% Malaysian Income Tax and a special dividend of 10 sen per share less 28% Malaysian Income Tax. (ORDINARY RESOLUTION 2)
3. To re-elect Dato' Lee Hau Hian as a Director. (ORDINARY RESOLUTION 3)
4. To consider and, if thought fit, pass a resolution pursuant to Section 129(6) of the Companies Act, 1965 to re-appoint the following as Directors of the Company and to hold office until the next Annual General Meeting of the Company:
 - (i) Yeoh Chin Hin (ORDINARY RESOLUTION 4)
 - (ii) Charles Letts (ORDINARY RESOLUTION 5)
 - (iii) Maj-Gen (R) Dato' Seri Dr. Mahmood Sulaiman (ORDINARY RESOLUTION 6)
 - (iv) Tan Sri Dato' Thong Yaw Hong (ORDINARY RESOLUTION 7)
 - (v) R. M. Alias (ORDINARY RESOLUTION 8)
5. To fix and approve Directors' fees for the year ended 30 September, 2003 amounting to RM646,000 (2002: RM526,000). (ORDINARY RESOLUTION 9)
6. To appoint Auditors and to authorise the Directors to fix their remuneration. (ORDINARY RESOLUTION 10)
7. To transact any other ordinary business of the Company.

By Order of the Board
J. C. LIM
FAN CHEE KUM
Company Secretaries

Ipoh, Perak Darul Ridzuan,
Malaysia.

6 January, 2004

NOTES

- (1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to vote in his stead. A proxy need not be a member of the Company.
- (2) The instrument appointing a proxy must be deposited at the registered office of the Company not less than 48 hours before the time set for the meeting.
- (3) For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting the Malaysian Central Depository Sdn Bhd to make available to the Company pursuant to Article 49(8)(B) of the Articles of Association of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, a Record of Depositors as of 9 February, 2004 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.
- (4) The final and special dividends, if approved, will be paid on 15 March, 2004 to all shareholders on the Register of Members as at 19 February, 2004. A Depositor with the Malaysian Central Depository shall qualify for entitlement to the dividends only in respect of:
 - (i) Shares deposited into the Depositor's securities account before 12.30 p.m. on 17 February, 2004 in respect of shares which are exempted from Mandatory Deposit;
 - (ii) Shares transferred into the Depositor's securities account before 4.00 p.m. on 19 February, 2004 in respect of transfers; and
 - (iii) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.Registrable transfers received by the Company's Branch Registrar in United Kingdom on or before 19 February, 2004 will be registered for entitlements to the dividend payments.
- (5) Profiles of the Directors (together with their attendance in Board Meetings) standing for re-election or re-appointment as Directors of the Company for Resolutions 3 to 8 are shown on pages 6 to 9 of the 2003 Annual Report and Financial Statements.

(A proxy form is enclosed with this Annual Report and Financial Statements.)

KUALA LUMPUR KEPONG BERHAD

(15043-V)

(Incorporated in Malaysia)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at Wisma Taiko, 1 Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia on Wednesday, 18 February, 2004 immediately following the conclusion or adjournment (as the case may be) of the Company's Thirty-First Annual General Meeting which will be held at the same venue and on the same day at 12.30 p.m., for the purpose of considering and, if thought fit, passing the following ordinary resolutions:

ORDINARY RESOLUTION 1

PROPOSED AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY OF AN AMOUNT NOT EXCEEDING 10% OF THE TOTAL ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY

"THAT authority be given to the Directors for the Company to buy back such amount of ordinary shares of RM1.00 each in the Company ("Authority to Buy Back Shares") as may be determined by the Directors from time to time through the Kuala Lumpur Stock Exchange upon such terms and conditions as the Directors may deem fit and expedient in the best interests of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed 10% of the total issued and paid-up share capital of the Company (equivalent to 70,900,000 shares in the Company based on its issued and paid-up share capital [excluding treasury shares] of 709,977,128 shares of RM1.00 each as at 8 December, 2003) and that an amount not exceeding the total retained profits of the Company be allocated for the Authority to Buy Back Shares (the audited retained profits of the Company as at 30 September, 2003 was RM784 million) AND THAT the Directors may resolve to cancel the shares so purchased and/or retain the shares so purchased as treasury shares;

AND THAT the Directors be and are hereby empowered to do all such acts and things to give full effect to the Authority to Buy Back Shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such Authority shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of a purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Kuala Lumpur Stock Exchange or any other relevant authority."

ORDINARY RESOLUTION 2

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS AS SET OUT IN APPENDIX I OF THE CIRCULAR

"THAT approval be given to the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature with related parties which are necessary for the Company's and/or its subsidiaries' day-to-day operations and carried out in ordinary course of business on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in Appendix I of the Circular to Shareholders dated 6 January, 2004 ("the Mandate");

AND THAT the Directors be and are hereby empowered to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give full effect to the Mandate, with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such Mandate shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965 (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting)."

ORDINARY RESOLUTION 3

PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS AS SET OUT IN APPENDIX II OF THE CIRCULAR

"THAT approval be given to the Company and/or its subsidiary companies to enter into recurrent transactions of a revenue or trading nature with related parties which are necessary for the Company's and/or its subsidiaries' day-to-day operations and carried out in ordinary course of business on normal commercial terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in Appendix II of the Circular to Shareholders dated 6 January, 2004 ("the Mandate");

AND THAT the Directors be and are hereby empowered to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give full effect to the Mandate, with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such Mandate shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company following the passing of this ordinary resolution or the expiry of the period within which the next AGM is required by law to be held but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965 (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting)."

ORDINARY RESOLUTION 4

PROPOSED ACQUISITION OF A PIECE OF FREEHOLD LAND KNOWN AS LOT NO. 60 MEASURING APPROXIMATELY 2.08 ACRES OR 90,750 SQUARE FEET TOGETHER WITH THE SINGLE STOREY BRICK OFFICE BUILDING THEREON LOCATED IN HICOM-GLENMARIE INDUSTRIAL PARK (PHASE 1), SHAH ALAM FOR A CASH CONSIDERATION OF RM5,898,750 FROM MALAY-SINO CHEMICAL INDUSTRIES SDN BHD (16055-T)

"THAT the Company do hereby ratify the Sale and Purchase Agreement dated 24 November, 2003 entered into by its wholly-owned subsidiary, Brecon Holdings Sdn Bhd, with Malay-Sino Chemical Industries Sdn Bhd to acquire from the latter a piece of freehold land known as Lot No. 60 measuring approximately 2.08 acres or 90,750 square feet together with the single storey brick office building with a build-up area of approximately 2,530 square feet thereon, held under Master Title H.S. (D) 136183, PT 1, Bandar Glenmarie, Daerah Petaling, Selangor Darul Ehsan for a total cash consideration of RM5,898,750."

ORDINARY RESOLUTION 5

PROPOSED ACQUISITION OF A PIECE OF FREEHOLD LAND KNOWN AS LOT NO. 61 MEASURING APPROXIMATELY 0.97 ACRES OR 42,339 SQUARE FEET TOGETHER WITH THE TWO STOREY OFFICE CUM SINGLE STOREY WAREHOUSE THEREON LOCATED IN HICOM-GLENMARIE INDUSTRIAL PARK (PHASE 1), SHAH ALAM FOR A CASH CONSIDERATION OF RM4,600,000 FROM TAIKO MARKETING SDN BHD (178854-K)

"THAT the Company do hereby ratify the Sale and Purchase Agreement dated 24 November, 2003 entered into by its wholly-owned subsidiary, Brecon Holdings Sdn Bhd, with Taiko Marketing Sdn Bhd to acquire from the latter a piece of freehold land known as Lot No. 61 measuring approximately 0.97 acres or 42,339 square feet together with the two storey office cum single storey warehouse with a build-up area of approximately 17,965 square feet thereon, held under Master Title H.S. (D) 136183, PT 1, Bandar Glenmarie, Daerah Petaling, Selangor Darul Ehsan for a total cash consideration of RM4,600,000."

By Order of the Board
J C LIM
FAN CHEE KUM
Company Secretaries

Ipoh, Perak Darul Ridzuan
Malaysia

6 January, 2004

Notes:-

1. For purposes of determining who shall be entitled to attend this meeting, the Company shall be requesting the Malaysian Central Depository Sdn Bhd to make available to the Company pursuant to Article 49(8)(B) of the Articles of Association of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, a Record of Depositors as of 9 February, 2004 and a Depositor whose name appears on such Record of Depositors shall be entitled to attend this meeting.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to vote in his stead. A proxy need not be a member of the Company.
3. The instrument appointing a proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time set for the meeting.

Changes in Substantial Shareholder's Interest Pursuant to Form 29B of the Companies Act, 1965

Submitted by KUALA LUMPUR KEPONG on 06/01/2004 03:31:59 PM
Reference No KL-040106-90CF3

Submitting Merchant Bank	:	
(If applicable)	:	
Submitting Secretarial Firm Name	:	
(If applicable)	:	
* Company name	:	Kuala Lumpur Kepong Berhad
* Stock name	:	KLK
* Stock code	:	2445
* Contact person	:	J. C. Lim
* Designation	:	Company Secretary

Particulars of substantial Securities Holder

* Name	:	Employees Provident Fund Board
* Address	:	Tingkat 23, Bangunan KWSP, Jalan Raja Laut, 50350 Kuala Lumpur
* NRIC/passport no/company no.	:	EPF ACT 1991
* Nationality/country of incorporation	:	Malaysia
* Descriptions(class & nominal value)	:	Ordinary Shares of RM1.00 each
* Name & address of registered holder	:	
as above		

Details of changes

[illegible]

* Circumstances by reason of which change has occurred	:	Purchase of shares on open market
* Nature of interest	:	Direct
Direct (units)	:	39,154,600
Direct (%)	:	5.51
Indirect/deemed interest (units)	:	
Indirect/deemed interest (%)	:	

* **Total no of securities after** : 39,154,600
change

* **Date of notice** : 29/12/2003 16

Remarks :
fsc



KUALA LUMPUR KEPONG BUKIT

Wisma Taiko, 1 Jalan S.P. Seentavong

30000 Ipoh, Perak Darul Ridzuan, Malaysia

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